

**STAFF'S RECOMMENDATION
REGARDING MGE'S JUNE 29, 2009
MOTION FOR THREE-MONTH EXTENSION**

CASE NO. GO-2002-48

JULY 9, 2009

SUMMARY

Missouri Gas Energy Company's (MGE's) *Motion for Three Month Extension*, filed on June 29, 2009, requests an extension of time from the Commission ordered deadline of June 30, 2009 in Case No. GO-2002-48, until September 30, 2009, to replace the pipe in the Malang Mobile Home Park or to give the owner time to convert the mobile homes currently receiving natural gas service to all electric service. MGE will continue to conduct leak surveys in the mobile home park as previously ordered by the Commission and promptly report any leaks detected. MGE stated in their June 29, 2009 filing that there were only 7 active natural gas meters, 3 inactive natural gas meters, and 22 empty natural gas risers.

The Staff recommends that the Commission grant MGE's request for a three-month extension of time to delay main and service line replacements until September 30, 2009, and order MGE to conduct the second of the twice annual leakage surveys prior to September 30, 2009, with the results submitted to the Staff. The Staff does not believe safety will be compromised by the granting of the extension. The Staff also recommends that the Commission order MGE to discontinue service to the mobile home park on September 30, 2009 if piping to serve the active customers in the mobile home part has not been replaced.

STAFF FINDINGS

The Malang Mobile Home Park was purchased by its current owner (Mr. Kevin York) in January 2008 and at that time he apparently was not aware of the possible elimination of customer-owned piping in the mobile home park and/or the owner's financial contribution that would be required for the repiping. MGE contacted Mr. York

in early 2008 and explained the situation. MGE was told at that time that the owner did not intend to continue operation of the mobile home park. He had the property up for sale as a site for development. The cost to repipe the entire mobile home park was estimated by MGE in May 2008 to be \$30,000 (Company's portion) with an \$8,000 contribution from the owner. (This estimate is based on MGE's Tariffs for the amount of main and length of service line allowed at no cost for each customer for a new installation to repipe the entire mobile home park.) Since the owner did not intend to continue operation of the property as a mobile home park, the expenditure of \$30,000 by MGE and \$8,000 by the owner would not have been a good use of resources by either party.

In May 2008, MGE filed a motion requesting a two-year extension of the time to complete the replacements, until June 30, 2010 (Case No. GO-2002-48). On June 5, 2008, Staff filed its *Recommendation Regarding MGE's May 27, 2008 Motion for Extension* and recommended that the Commission issue an Order granting MGE's request to extend the deadline until June 30, 2010 (for two years). The Commission's June 12, 2008 *Order Approving Extension of Time to Replace Mains and Service Lines at Malang Mobile Home Park* stated: "The enhanced leak survey schedule currently in place should be sufficient to protect the residents of the mobile home park while it continues to operate. However, the Commission believes two years is longer than necessary to resolve the question of whether the park will remain open. For that reason, the Commission will grant MGE a one-year extension."

Subsequent discussions between MGE and Mr. York involved a "scaled down" replacement plan to replace piping to serve only the active customers. Those estimates were approximately \$18,300 total cost for replacements with Mr. York's contribution being approximately \$12,500. Mr. York then requested an estimate for the cost for repiping if he made the excavations, provided clean rock-free padding below the pipe, and did the clean-up work with MGE installing the pipe and backfilling over the pipe. The cost for this scenario was approximately \$8,200 with a monetary contribution from Mr. York of approximately \$2,400. Finally, on June 25, 2009, MGE said Mr. York informed it that he did not want to participate in the repiping. He planned to convert the

mobile homes to all electric service, and he thought he could be done with the conversion by the end of the year.

MGE states that it has not found leaks during the 5 most recent leak surveys conducted from March 2007 to February 2009. If granted the three-month extension of time, MGE would conduct another leak survey and would promptly notify the Commission if any leaks are detected.

STAFF RECOMMENDATION

The owner of the park has not yet “resolved the question of whether the park will remain open.” The Commission’s order in Case No. GO-2002-48 indicated to the Staff that the Commission wanted the matter resolved in less than two years. If the owner is able to convert the mobile homes to all electric service, the issue would be resolved. The three-month extension requested by MGE would set a deadline for the conversion and, if the conversion is not completed by September 30, 2009, would allow the decision of whether to discontinue service to the mobile home park to be made in September/October instead of December/January (the middle of winter).

The Staff has reason to believe the current owner does not want to continue operating the Malang Mobile Home Park and for that reason agrees with MGE that it would not be a wise use of its resources to install natural gas facilities in an area currently serving only seven customers which may not be in operation in the future. Further, the matter of the owner contribution to the cost of the replacements has never been resolved. MGE’s Motion for Three Month Extension would give Mr. York three months to complete his plan to convert all of the natural gas appliances to all electric. In conversations with MGE, Mr. York estimated that he thought he could convert all the natural gas appliances to all-electric service by the end of the year. However, that timeframe would mean that if the conversion were not completed, MGE, the Staff and the Commission would have to make a decision whether to discontinue service to the mobile home park during the December 2009/January 2010 timeframe. The reason for the three-month extension, instead of until the end of the year, is to permit the decision

to discontinue service to Malang Mobile Home Park to be made in September/October, if the conversions to all electric are not completed.

As a practical matter, if the conversion to all electric was not completed by December 2009, MGE would be reluctant to discontinue service in the winter heating season and would wait until spring. The result would be that the issue would not be resolved for almost another year, and Staff believes the Commission's June 12, 2008 Order in this case expected a resolution in less than two years. However, if the conversions to all electric (as indicated by Mr. York) are not completed in three months, MGE, the Staff and the Commission will again be faced with a decision whether to discontinue natural gas service in Malang Mobile Home Park.

If the three-month extension is granted, the Staff will continue to monitor the situation at the Malang Mobile Home Park and obtain the results of the leak survey conducted by MGE, and if changes are observed that compromise safety, the Staff will bring the information to the Commission's attention for further action. Staff does not believe safety will be compromised by the granting of the extension.

Therefore, for the reasons stated above, the Staff recommends the following:

1. The Commission grant MGE's request for a three-month extension of time to delay main and service line replacements until September 30, 2009.
2. The Commission order MGE to conduct the second of the twice annual leakage surveys prior to September 30, 2009, with the results submitted to the Staff.
3. The Commission order MGE to discontinue service to the mobile home park on September 30, 2009 if piping to serve the active customers in the mobile home park has not been replaced.


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri Gas Energy's)
Application for Determination of Certain)
Matters Pertaining to its Safety Line)
Replacement Program.) Case No. GO200248XXXX

AFFIDAVIT OF ROBERT R. LEONBERGER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Robert R. Leonberger, of lawful age, on oath states: that he participated in the preparation of the foregoing Recommendation in memorandum form, to be presented in the above case; that the information in the Recommendation was provided to him; that he has knowledge of the matters set forth in such Recommendation; and that such matters are true to the best of his knowledge and belief.


Robert R. Leonberger

Subscribed and sworn to before me this 9th day of July, 2009.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public