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MoGas
Pipeline LLC

August 28, 2009

Mr. Ivan A. Huntoon
Director, Central Region
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

Response to Notice of Amendment Letter: CPF 3-2009-1013M

Dear Mr. Huntoon:

In March 2007, representatives of the Pipeline and Hazardous Materials Safety Administration and the Missouri Public Service Commission inspected the MoGas Pipeline integrity management plan. In July 2009, MoGas was informed of potential violations found during that inspection – provided below is MoGas Pipeline response to each item found in the Notice of Amendment letter CPF 3-2009-1013M:

Item 1A: MoGas looks for any new construction or population changes as part of routine maintenance and line locating activities. We also have a form for identifying and recording new construction or activities along the pipeline. Although the forms have always existed to identify these occurrences, MoGas agrees that procedures for analyzing these forms should be updated.

Item 2A: This lacks specificity or sufficient information to identify what you may believe to be lacking.

Item 2B: MoGas has an active program to perform In-Line Inspection utilizing MFL tools.

Item 2C: MoGas has an active program to perform In-Line Inspection utilizing MFL tools. MoGas does not plan on the “use of other technology”. No other notifications are required. Also note that since June 1, 2008 MoGas reorganized into one consolidated interstate pipeline and is no longer subject to state inspection of the former intrastate segments.

Item 3A: In context of cyclic fatigue, ASME B31.8S section 2.2 says “metallurgical fatigue has not been a significant issue for gas pipelines. However, if operational modes change and pipeline segments operate with significant pressure fluctuations, fatigue shall be considered by the operator as an additional factor.” Because the operator does not experience significant pressure fluctuations or have any other loading conditions in a covered segment, cyclic fatigue is not considered a threat.

In context of interactive threats, ASME B31.8S section 2.2 says "The interactive nature of threats shall also be considered", however this threat is not explicitly listed as are the other 21 threats, nor is it mentioned in Appendix A -Threat Process Charts and Prescriptive Integrity Management Plans (relevant because MoGas utilizes a prescriptive approach to integrity management). MoGas does recognize that the interactive nature of threats should be examined, but it considers the risk assessment process/model to be the place that the interactive nature of threats is fully realized and brought to light – MoGas believes its risk assessment model succeeds in that regard.

It was not said that third party damage was not an applicable threat to any HCA - in fact, the exact opposite was presented. The possibility of third party damage was weighted by population density and construction activity, among other factors, for each HCA in the risk assessment model. It was stated that no additional action was necessary for third party damage – however, this was not meant to imply the threat did not exist, but instead that the randomness of third party damage made relative risk assessment equal to all HCA's beyond the weighted factors given above.

It was said that equipment failure was not considered an applicable threat to HCAs on the basis of never having an equipment failure. However, MoGas agrees the intent of this was poorly worded – it will be rewritten to express the fact that equipment threats are stable threats; equipment threats do exist, but are considered static and thus relatively the same for all covered segments.

Item 3B: The operators risk model is based off a model developed by John F. Kiefner, an industry accepted expert in risk assessment models. MoGas does not have leak history and has not incorporated a theoretical threat into the model. The operator did notice the effect of the throughput and customer interruption factors, however their effect proved to be rather inconsequential to the results the operator produced; for example, even if both factors are reduced in magnitude by 50% (thereby reducing their combined weight to 25% of what it is now), the results of the baseline assessment schedule would remain unchanged (specifically the HCAs to be examined pre-2007 vs. 2007-2012). MoGas agrees that the magnitude of these factors should be reduced – but in practice, it makes little difference in the timeframe the HCAs are required to be assessed. It is MoGas belief that it does not make any practicable difference to specify how assessment results be incorporated into the risk scoring until you have results with the potential to change the risk scoring. Anything short of this is pure speculation. Data integration is currently being investigated and not fully defined. Pipeline alignment sheets are being updated with information gathered.

Item 3C: We have an active program to update encroachments and foreign line crossings on existing pipeline alignment sheets. We believe this is sufficient and will so state in the IM plan.

Item 4A: As aforementioned, MoGas decided on ILI as the assessment methodology. 50% of the HCA mileage was completed by December 17, 2007. Additional ILI is being planned with the expectation to cover all HCA mileage within the time frame prescribed.

Item 5A: The operator has fully defined Discovery of a Condition, as well as the required timeframes to remediate immediate, scheduled, and monitored conditions in its Integrity Management Program. Furthermore, all ILI vendors the operator has contacted provide the results of an integrity assessment within 45-60 days of the pig being pulled from the trap (which constitutes an integrity assessment).

Item 6A: MoGas has many pipeline segments that have been designed, constructed and qualified by test to operate at pressures (MAOP) that are significantly higher than any source pressure available to that segment. We choose not to permanently derate the MAOP for these segments in the event that the source pressure would change in the future (i.e. addition of compression). In the interim the maximum operating pressure is limited by the source pressure available to that segment. You incorrectly identify this as normal operating pressure. We will try to make this concept clearer in future revisions to the plan.

Item 6B: MoGas agrees that this will be part of the evolution of the IM program.

Item 7A: This is vague and lacks specifics.

Item 7B: This is vague and lacks specifics. We will review the O&M procedure and update as necessary.

Item 7C: This does not take into consideration that MoGas single line system will require that gas service would be shut off to numerous customers, all of which would be at risk and a potential safety hazard to all the downstream customers. As such MoGas does not believe that ASV's would provide added protection.

Item 8A: Additional signage is a local option based upon a field judgment that it may provide additional safety awareness, is intended to be temporary when experiencing highly active development areas, and is not a procedural requirement. There is no documentation to support this idea. Do you want us to stop extra signage as a local option? This is not considered to part of the IMP program elements.

Item 9A: MoGas size limits the need and practicality for a management of change procedure. This is something we will consider for future development.

Item 10A: Again the small size of MoGas limits the information available for identifying the maximum interval for performing program reviews or minimum qualifications for personnel. Considering that inspection of one pipeline segment completed over 50% of the total HCA mileage that is required to be assessed, annual

updates appear excessive. This is an area where a larger sampling of information would be helpful to smaller operators; however, this is information that is not shared across pipeline operators. Based upon MoGas size an update every 5 years would appear adequate once the initial assessments have been completed.

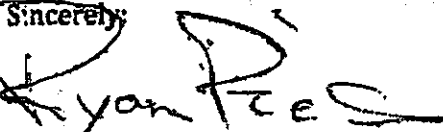
Item 10B: When you have one person responsible to ensure successful completion of a program, measurement of success is very definable. Further written definition of program elements has little value and consumes the resources of that one person.

Item 11A: There is a high level of direct communication from the person in the ditch to the plan development and priorities. Please provide examples of what the big companies might do to ensure regular communication.

In conclusion, several of the apparent inadequacies are directly impacted by the size of MoGas; for example, the limited resources available and the complications of a large scale program being implemented by a small organization. This could be enhanced significantly by OPS sharing information from all pipeline companies IM programs. At a very minimum a compilation of best practices and procedures would provide guidance to small companies.

We believe we are currently in full compliance with the intent of ensuring and enhancing integrity of the pipeline system by performing assessments and remediation for the pipeline and will continue with program implementation. The further development of written documentation appears to be the primary focus of this Notice of Amendment. The noticeable lack of specifics on many of the probable violations and no written guidance material provides little direction to small operators. While we believe we are in full compliance with the intent of this subpart, we must look to outside resources to supplement the current state of the MoGas IMP development. Depending upon the availability and qualifications of available consultants, we respectfully request a 6 month time extension to further review and supplement the written portion of the MoGas Integrity Management Program.

Sincerely,



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