

Approved March 16, 1989

Date

MINUTES OF THE HOUSE SUB COMMITTEE ON ENERGY AND NATURAL RESOURCES

The meeting was called to order by Representative Kerry Patrick at  
Chairperson

3:30 ~~am~~/p.m. on March 1, 1989 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Raney Gilliland, Legislative Research  
Mary Torrence, Revisor of Statutes' Office  
Betty, Ellison, Committee Secretary

Conferees appearing before the committee:

William E. Brown, Executive Vice President, Chief Operating Officer,  
KPL Gas Service  
Richard Kready, Director, Governmental Affairs, KPL Gas Service  
Louis Stroup, Jr., Executive Director, Kansas Municipal Utilities, Inc.

The second meeting of the Subcommittee on Natural Gas Pipeline Safety was called to order by Chairman Kerry Patrick. Attention was called to the minutes of February 22 which had been distributed.

William E. Brown of KPL Gas Service made a brief statement on behalf of his company in which he commented that their first concern was to keep their natural gas delivery system safe for all customers. Inspection of bare steel customer-owned service lines in Kansas had been completed and leaks had been repaired when found. All other service lines would soon be finished. In the interest of safety, KPL Gas Service would welcome any inspections and oversights deemed necessary by the Legislature or the Kansas Corporation Commission (KCC). It was suggested that the Legislature could help Kansas utilities by enacting a "One-call" bill requiring contractors to call for underground utility locations before they dig. It was believed that such legislation could help reduce accidents that involve buried electric and gas lines.

Richard Kready presented Mr. Brown's testimony which included KPL Gas Service's stand on proposed changes in state law. Attachment 1.

The following discussion concerned types of tests for gas leaks, equipment and training required for testing, as well as plastic vs. steel lines and causes of deterioration. Mr. Brown also explained the difference between service lines and yard lines.

Louis Stroup, Jr. testified on behalf of Kansas Municipal Utilities, Inc. He spoke in support of the new gas pipeline safety rules adopted by the KCC. He explained the operator's responsibility relative to installation, testing and inspection of gas lines. Mr. Stroup described some options relative to training building inspectors as gas inspectors, noting that he felt it would be much more practical to enlarge the current KCC inspection program by adding additional inspectors. Attachment 2.

Further discussion followed.

At the conclusion of the hearing, Chairman Patrick announced that House Bills 2456, 2454 and 2457 would be touching a committee exempt from the March 3 deadline for House Bills to be reported out of committee. Another subcommittee meeting would be scheduled at which time Union Gas, Peoples Gas and KN Energy would be invited to testify, as well as anyone from the public who might desire to do so.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
room 526-S Statehouse, at 3:30 ~~xxx~~ p.m. on March 1, 1989

On behalf of the Chairman of the Energy and Natural Resources Committee and this subcommittee, Chairman Patrick announced that they would be seeking two major changes in Kansas law. Since it is not clear who has the legal responsibility to maintain gas lines from the main to individual homes, an amendment would be drafted to House Bill 2454 or House Bill 2456 that would mandate that all utilities serving gas residential customers would be financially responsible for maintaining all of those yard lines. Mr. Caro of the KCC staff had been requested to meet with Mary Torrence of the Revisor's Office to draft suitable legislation. Over time, as yard lines need to be repaired, the ratepayers would in effect be paying to have their own yard lines replaced. It was believed that this would be the only equitable solution.

Ms. Arnold-Burger from the City of Overland Park, Mr. Caro, Ms. Torrence and someone from the City of Wichita would draft an amendment to one of these bills requiring that city inspectors be trained by the KCC so that when a new home is built, a city building inspector would examine the new gas pipeline going into the home to see that it met all state and federal standards. This was believed to be the most cost-efficient means of solving this problem.

These two steps had been discussed by the subcommittee members and would be recommended to the standing committee. It was noted that the Chairman of the standing committee was supportive of these changes. Another point noted was that presently, electric utilities are liable for the electric line from the pole to the house. These proposed changes would make gas utilities liable to the house in the same manner as electric companies.

A comment was made by Representative Grotewiel that these are the committee's thoughts at the moment, but a public hearing would allow input at some point.

The meeting was adjourned at 4:30 p.m.



Testimony Before

HOUSE ENERGY AND NATURAL RESOURCES SPECIAL SUBCOMMITTEE

Review of Laws and Regulations on  
the Transportation of Natural Gas

By WILLIAM E. BROWN  
KPL GAS SERVICE  
Executive Vice President, Chief Operating Officer

March 1, 1989

Good Afternoon. I'm here to discuss the recent natural gas accidents, what we are currently doing about them, what future programs we will be pursuing and what future changes in state law KPL Gas Service believes could provide for additional safety.

The first question being asked is: Why did the accidents occur?

To date, there are no definitive reasons for the three accidents at Kansas City area homes or the one that burned a car on KPL Gas Service lines.

They currently remain under investigation by the National Transportation Safety Board and the Kansas and Missouri State Commissions. Findings aren't expected until later this year. A number of media reports have suggested or assumed that leaks found in the pipes serving the homes involved were caused by corrosion. All three homes were served by customer-owned bare (unprotected) steel gas service lines, which can be susceptible to corrosion. However, since none of the test results have been released yet, statements about corrosion as a cause of leaks are only speculation. Preliminary findings indicate that

-more

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Attachment 1

there are a variety of reasons for the accidents, not simply corrosion.

A contributing factor to the recent accidents may be the drought that has plagued the region for more than a year. Lack of moisture causes the ground to compact and shift, which puts stress on underground pipe. In fact, many cities in the region report an increase in water line breaks since last summer. KPL Gas Service officials grew concerned last August that the risk of gas line leaks could increase as the drought persisted. Consequently, gas safety advertising was expanded. Customers were urged to call KPL Gas Service if they smelled gas around their homes. Ironically, the expanded schedule of ads began the day before the September 16th explosion in Overland Park.

Another question frequently being asked is: Could the four recent accidents on the KPL Gas Service gas system have been prevented?

Since the accidents, attention has centered primarily on electrical testing for corrosion and on leaks on unprotected steel lines, specifically customer-owned and -installed service lines and yard lines.

Prior to 1971, gas companies ran the gas main and provided the meter and meter setting for individual customers. The customer provided the service line or yard line. Those lines were installed by contractors who built the house for the customer or by others. A service line is the gas line that runs from the main to the meter. It operates at anywhere from 5 pounds to 59 pounds of pressure. When the gas goes through the meter and regulator, it is reduced to nominally 4 ounces of

pressure from the meter on into the house. The yard line is the gas line that runs from the meter to the house and connects with the house piping. The 1971 Federal pipeline safety code made utilities responsible for pipelines and facilities up to the outlet side (the customer's side) of the meter and delegated enforcement of the code to states.

While companies like KPL Gas Service checked for leaks, we did not bear financial responsibility for the repair or replacement of customer-owned lines. These lines were installed prior to 1971 by customers themselves, plumbers or contractors, and then hooked up to the gas company's mains. KPL Gas Service has historically relied upon four methods for detecting leaks in such lines, as well as company-owned service lines: 1) Mobile flame-ionization tests conducted along our mains every three years; 2) Meter readers, on their monthly routes, reporting gas odor or other indicators of gas leaks in the vicinity of gas lines; 3) Annual vegetation or other surveys arranged to cover a part of the system each year so the entire system is covered in accordance with the regulations; and 4) Reports from customers who smell the distinctive odorant added to natural gas as a safety precaution. For many years customers have been urged by the Company--through a wide range of media advertisements, educational programs and notices on bills--to call if they smell gas.

Company leak detection measures have always complied with, and often exceeded, state and federal pipeline safety requirements. As part of our safety inspection program, we check public buildings and schools each year, inside and outside the buildings. We run the leak survey trucks over every foot of company-owned mains once every three years,

although the federal code only requires once every five years. In commercial areas, such as downtown business districts where there is wall-to-wall pavement, we check for leaks with flame ionization equipment every 90 days.

One technique that currently is receiving a lot of attention is the use of electrical tests. Although electrical tests to determine corrosion potential are called for by federal standards on all bare steel (unprotected) piping, those standards also say such tests are not required where they are impractical (such as under pavement, under railroad tracks, or near other underground conduits). For a variety of reasons, KPL Gas Service considers results from electrical testing of service or yard lines impractical.

Historically, we excluded service and yard lines from electrical tests because sewer and water pipes close to gas lines in yards make the tests impractical and imprecise. Leftover building materials in the ground or reinforcing rods in concrete also throw the tests off. Revised rules we filed in 1986 indicated we did not consider electrical tests practical on lines of less than 200 feet, lines under concrete, or lines in a common trench with other pipes. This position has been conveyed to state regulators who enforce federal pipeline safety standards. If tests are made under such conditions, they will indicate corrosion even where none exists. Also, it must be remembered that electrical surveys do not detect leaks; only conditions that are conducive to corrosion.

The bare steel lines leading to the homes where the accidents occurred had not been protected by Company anodes or replaced with newer pipe because we had received no notice of problems nor had we detected any leaks in those lines. There is no assurance the accidents that have occurred could have been prevented by more timely flame ionization, vegetation or electrical tests. Customers must be the ultimate leak detectors by letting us know quickly if they smell gas. Even after a service or yard line has been checked and found to be safe, there is the possibility that a shift in the ground or other occurrence could cause it to break the next day. The tests only show if gas is or is not present on the day of the test. If there is a subsequent leak or break, the only way to know about it is if the customer smells gas and reports it to us. Gas odorant was reportedly detected by customers at three of the sites within 24 hours prior to the recent accidents. Tragically, none of these detections were reported to the Company. It was only after the accidents occurred that people were reported in news stories as saying they had been smelling gas prior to the accidents.

The next question is: What is the Company doing to reassure customers about gas line safety?

Although the Company has no legal responsibility for customer owned service lines installed prior to 1971, we recognize this is a matter of public safety. So, we have taken responsibility for the lines and made an enormous commitment of manpower, equipment, materials and dollars to these customer lines. While federal regulations require leak inspections to



be completed every five years, KPL Gas Service will complete inspections of the customer-owned bare steel service lines this month -- in less than six months from the date the program was begun October 1, 1988. We will have inspected a total of 500,000 bare steel service and yard lines in Kansas and Missouri (300,000 in Kansas, 200,000 in Missouri) when the inspections are completed.

According to some recent news stories and editorials, there is a misconception among some people that KPL bought an old leaky gas system from The Gas Service Company five years ago, and then did nothing to the lines until the current problems occurred. This is not true. KPL bought a good, well-built and well-maintained distribution system from Gas Service. But, the bare steel service lines that are the subject of the current accelerated leak detection survey are owned and were installed by customers or their contractors. They have never been the property of KPL or its predecessor, The Gas Service Company. Therefore, we did not buy them or take them over when KPL purchased The Gas Service Company in 1983. But, in the interest of public safety, KPL Gas Service, instead of refusing to take on responsibility for these lines, has made an enormous commitment of manpower, equipment, materials and dollars to our customers. To eliminate the public confusion over who owns the line, and who has responsibility to find and fix leaks, KPL Gas Service has said: "We'll do it all...we'll do it now, and we'll worry about the costs later." Here are some of the unprecedented actions we have taken since October to solve a problem that was not of our own making:

- KPL Gas Service has taken responsibility for inspection, replacement or repair of customer-owned and -installed bare-steel service and yard lines.

- Flame-ionization devices, the most sophisticated leak detection equipment available, have been used to test for leaks on these service lines in Kansas, as subsequently ordered by the Kansas Corporation Commission and later by the Missouri Public Service Commission.

- KPL Gas Service leak survey crews responded to the home of any customer who requested an inspection even if bare steel pipe was not involved.

- All leaks posing an immediate hazard have been fixed.

- The target date for completing leak surveys of all customer-owned bare steel service lines in Kansas was accelerated from the originally planned target date of summer 1989. Additional flame ionization equipment was purchased and all available outside contractor leak survey personnel were brought in to help accelerate the surveys across the service area. This work was completed January 31, 1989.

- Survey crews began attaching green tags on meters to notify customers that their lines had been checked. Weekly ads in the Kansas City Times/Star listed areas in the Kansas City area to be surveyed in each coming week.

- Upon completing customer-owned service line inspections in Kansas, Company and outside leak survey personnel were moved into Missouri in February so we could finish all inspections by mid-March.

- Inspectors continue working 10-hour shifts, seven days a week; while some repair crews are working even longer hours. Meanwhile, we have begun surveying yard lines throughout the

service area. After yard lines are surveyed, the crews will concentrate on all Company-owned steel lines.

- Discussions continue with regulators in Kansas and Missouri about ways to assure we have the safest possible gas distribution system. Both states are in the process of establishing new rules and tougher pipeline safety standards governing future maintenance and replacement of bare-steel lines.

- These actions are all in addition to the \$41 million we spent across our gas system in 1988 for constant and ongoing maintenance and replacement of mains and service lines. \$26 million of that was spent in Kansas.

When the pipeline inspections are completed in a couple of weeks, what comes next?

We are awaiting results of the current investigations by federal and state regulatory agencies, including their official opinions as to the cause or causes of the accidents. These investigations may result in recommendations and orders for changing operating procedures. In the meantime, the Kansas Corporation Commission, appearing before your Subcommittee last week, has told you what it wants to see in tougher pipeline safety standards and has decided on new regulations very soon to be implemented. Let me assure you, KPL Gas Service will be in compliance with these standards.

The Company also is studying new ways to promote gas safety, and projecting future leak inspection equipment and manpower needs.

I have also been asked to respond to the question: What changes do we think are necessary in State law?

One of the major changes has already taken place. The KCC's implementation of tougher pipeline safety standards that I just mentioned has the force of law. The KCC also is proposing some new legislation, which we support, as we long have.

We strongly support the KCC's efforts to promote a mandatory "One-Call" system as proposed in HB 2453. This "One-Call" legislation would help protect underground utility facilities from damage and help protect workers from injury resulting from contact with such facilities. Across our four-state system, there are dozens of cases each week where people accidentally dig into our lines, or customers' service lines. In an area such as northeast Johnson County, where there is a large amount of construction, we have a half-dozen or more dig-ins a day. In 1988, we had 441 dig-ins in Kansas, amounting to 345 hours of service interruptions. We support HB 2453 because it will help cut down on these accidental dig-ins, the resulting service interruptions and the potential for serious injury and damage.

We also agree with HB 2456 which gives the KCC staff additional authority to investigate accident sites. We would note there could be a conflict over what evidence the KCC or the National Transportation Safety Board is allowed to retain.

We also support HB 2454 and HB 2457, which we understand bring Kansas rules and regulations in compliance with Federal codes. Additionally, we believe HB 2457 is beneficial because

it defines the destruction of signs and markers and provides penalties. That could help provide protection of those safety signs that are used to designate underground facilities.

I thank you for the opportunity to appear before the Subcommittee and I'll try to answer any questions you have.

KANSAS MUNICIPAL UTILITIES, INC.  
COMMENTS ON PROPOSED GAS  
PIPELINE SAFETY RULES BEFORE  
HOUSE ENERGY & NATURAL RESOURCES  
SUBCOMMITTEE  
March 1, 1989

Mr. Chairman, members of the subcommittee. Rep. Patrick has requested that I furnish you with some information as it relates to municipally-owned gas distribution systems.

I am Louis Stroup, Jr., executive director of KMU, a statewide association of municipal gas, electric and water systems which provide utility services to more than 500,000 Kansans.

First, let me point out that our 67 municipal gas distribution systems are under the jurisdiction of the Kansas Corporation Commission for gas pipeline safety.

Municipal gas systems stand fully behind the need for safe and secure gas systems. Assuring customer safety is synonymous with protecting the citizen-owners of our gas systems.

Whether the measure is safety, accountability, cost, or access to service, our municipal gas systems serving Kansans have demonstrated an excellent record.

Rep. Patrick requested that I address two specific areas:

(1) The new gas safety regulations and (2) possible use of city building inspectors to inspect gas line installations.

We participated in the recent development of the new gas pipeline safety rules just adopted by the KCC. We feel these are very aggressive new regulations and will go along way in incereasing safety in the gas field.

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Our only major objection to the proposed regulations was an issue of ownership of service lines and we strongly objected to cities being forced to own a customers service line -- there are many reasons for this. We stressed that utility ownership of lines on customers property in itself does not add one ounce to gas safety. Leaking gas is not dependent upon who has title to a pipeline.

In working with the commission staff, we arrived at a compromise that will enhance the same safety goals of inspection and repair, but without the heavy costs of doubling or tripling the number of pipe miles under municipal ownership. This compromise was adopted last Wednesday by the KCC during its administrative hearings.

The plan asserts:

(1) It will be the operators responsibility to require that customer-owned lines be installed according to the operators code regulations.

(2) It will be the operators responsibility to see that customer-owned lines are tested and inspected.

(3) It will be the operators responsibility to conduct flame ionization leaky surveys or other surveys of comparable technology on customer-owned lines.

(4) It will be the operators responsibility to inform customers of any leaks on their lines, to classify the leak, and see that necessary repairs are made in accordance with the classification.

As to the second point of training building inspectors as gas inspectors, let me point out that:

(1) I am not speaking on behalf of the building inspectors.

(2) A serious problem arises in this concept since probably more than half of the 624 cities in Kansas do not have building inspectors -- and that figure may be extremely conserative.

(3) The proper training of a gas inspector is a highly specialized process, requiring a great deal of time.

I might, however, suggest some options that the sub-committee may wish to explore in this area.

One option would be to have the KCC contract with cities that do have building inspectors to provide for training and a continuing inspection program -- and to fund this contract through federal funds the KCC receives for its pipeline safety program as an agent for the U.S. Department of Transportation.

Another similar option for cities not having building inspectors is to use the same concept, have the KCC contract for training and inspection from city utility personel -- again funding both the training and the inspection program with federal funds received by the KCC.

Another option, and one I feel is much more workable and practical, is to enlarge the current KCC inspection program by adding additional inspectors.