

# Mississippi Public Service Commission hearing probes Moss Point's unaccounted gas loss



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Testifying for the city of Moss Point Friday afternoon during the Mississippi Public Service Commission hearing on the natural gas system were, from left at the table, **C.J. Arnold**, Billy McQueen, Bruce Stevens and Mayor Aneice Liddell. (Susan Ruddiman-The Mississippi Press)

PASCAGOULA, Mississippi -- Moss Point officials might be closer to discovering why the city has such large amounts of unaccounted natural gas loss each month.

The Mississippi Public Service Commission, under the direction of chairman Leonard Bentz, conducted a public hearing Friday at the Jackson County Courthouse to determine the cause of the problems and ultimately what to do with the Moss Point-Escatawpa system that serves 2,600 customers.

Wiley Walker, pipeline inspector for the Southern District, Mississippi Public Service Commission, said he has worked with the city for the past five years. In 2007, Moss Point reported a 7 percent loss in gas, which is slightly above the national standards of a 5 percent loss.

**Then, in 2008, the city had a loss of 50 percent, Walker said.**

"I expected gas would be blowing every intersection in town," he said. "But leaks alone couldn't explain what I've seen."

Over the years, the city of Moss Point has been slow to comply to the requests by the Public Service Commission, said Mark McCarver, director of pipeline safety for the Mississippi Public Service Commission.

**In 2011, Walker said there was a 55.6 percent unaccounted loss in natural gas.** The city purchased 270,915 mcf in gas, but only 148,044 mcf was used and paid for by the customers.

At a retail rate of \$19.03 per mcf, Walker said the monetary loss was \$2.8 million. At a wholesale price to the city of about \$9 per mcf, the city's loss was around \$1.3 million.

"The city of Moss Point can't write that off. It's not only a safety issue, but a financial one," Bentz said.

Walker said during his earlier dealings with the utility district, he found both commercial and



ne round both commercial and residential customers who paid the minimum of \$8 a month for natural gas service for at least 18 months.

"These were churches and restaurants, in all about 350 customers," he said.



Wiley Walker, in the witness stand, pipeline inspector for the Southern District, Mississippi Public Service Commission, answered a question asked by William Jeff Jernigan, special assistant attorney general, during the hearing Friday on the Moss Point/Escatawpa Utility District's natural gas delivery system. (Susan Ruddiman-The Mississippi Press)

Mayor Aneice Liddell said since she has come into office in 2009, she and the Board of Aldermen have methodically worked on the problem by hiring consultants and improving the infrastructure.

In March 2012, Billy McQueen, a qualified gas operator, joined the staff at Moss Point Public Works Department to oversee the day-to-day operations of the system with four other employees. Having a gas operator on the payroll for the city was recommended by the Public Service Commission.

"The system is not in the best shape as it could be, but the city is doing everything that it can," McQueen said.

Upon questioning, he said there were gas lines underground they still cannot find.

Engineer Bruce Stevens with Diversified Consultants testified since he came to work in Moss Point in July 2010, all of the city's residential gas meters 5 years or older have been replaced.

Also, a 2010 professional survey of the lines showed 1,026 leaks, which has since been repaired according to reports from Moss Point, Walker said. He expressed concern about the gas lines and connectors not having the proper anti-corrosion treatment.

Those infrastructure improvements have cost the city close to \$3 million, Stevens said.

"It was our expectations that we repair the leaks and we replace the meters and we should see a dramatic reduction in unaccounted for gas," Stevens said. "We did both of those, and we still see a 52 percent of unaccounted for gas. We think the problem now is in accounting."

Two weeks ago, C.J. Arnold with Kel-Ar Energy Consulting of Sulphur, La., was hired to look into the accounting end of the process. One of his initial findings was a manufacturer was being billed for using hundreds of cubic feet of gas instead of thousands of cubic feet, he said.

Based on that miscalculation alone, Arnold said he got the unaccounted gas loss down to 42 percent.

He also pointed out that while the city has replaced the residential meters, the larger meters with commercial customers have not been checked. The pipeline that feeds the gas to the city also will need to be checked for accuracy, Arnold said.

It will take at least another month for him to complete his survey.

Bentz expressed his amazement to Liddell as to why she had not been more pro-active to addressing the accounting issues with the gas department.

"If I am told there is some type of financial issue, then I wouldn't wait on somebody else to have to tell me something," Bentz said. "I can't understand you didn't take action to

Since 2008, gas loss was consistently above 50%! Previous consultants unable to find issue. Arnold reduced loss to 42% in 2 wks and then over the next few months, down to 7.5%.