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Witness: Robert R. Leonberger

Sponsoring Party: MO PSC Staff

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Case No.: GC-2006-0060

Date Testimony Prepared: May 5, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**DIRECT TESTIMONY**

**OF**

**ROBERT R. LEONBERGER**

**LACLEDE GAS COMPANY**

**CASE NO. GC-2006-0060**

**Jefferson City, Missouri**

**May 2006**

**FILED**

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Service Commission

Exhibit No. 11

Case No(s) GC-2006-0060

Date 5-22-06 Rptr X-F

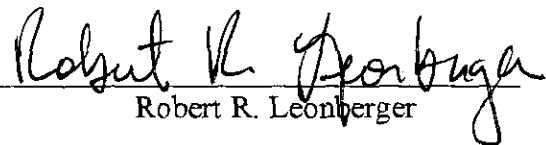
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

USW Local 11-6,	)	
	Complainant,	)
	)	
v.	)	Case No. GC-2006-0060
	)	
Laclede Gas Company,	)	
	Respondent	)

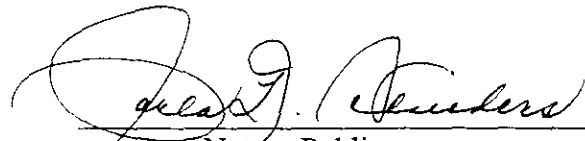
**AFFIDAVIT OF ROBERT R. LEONBERGER**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

Robert R. Leonberger, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 10 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

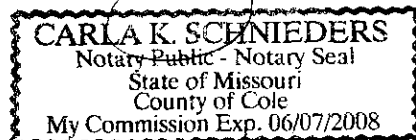
  
Robert R. Leonberger

Subscribed and sworn to before me this 4<sup>th</sup> day of May, 2006.

  
Notary Public

My commission expires

June 7, 2008



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**DIRECT TESTIMONY**

**OF**

**ROBERT R. LEONBERGER**

**LACLEDE GAS COMPANY**

**CASE NO. GC-2006-0060**

Q. Please state your name and business address.

A. My name is Robert R. Leonberger and my business address is P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as a Utility Regulatory Engineering Supervisor in the Gas Safety/Engineering Section of the Energy Department of the Utility Operations Division.

Q. Please review your educational background and work experience.

A. In 1977, I received a Bachelor of Science degree in Architectural Engineering from the University of Colorado in Boulder, Colorado. After graduation, I was employed by the Missouri Highway and Transportation Department in the Bridge Division from 1977-1982 as a structural design engineer and later as a senior structural design engineer. While at the Highway Department I performed highway bridge design work and checked bridge design plans of others. During that time I also spent one year as a steel fabrication inspector monitoring quality control of bridge steel fabrication.

Since July 1, 1982, I have been on the Gas Safety/Engineering Staff of the Commission. I was promoted to the position of Engineer IV in November 1987 and assumed my present position in October 1990. I have successfully completed the seven

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1 | courses prescribed by the U.S. Department of Transportation (DOT) at the Transportation  
2 | Safety Institute regarding the application and enforcement of the minimum federal safety  
3 | standards for the transportation of natural and other gas by pipeline (49 CFR, Part 192).  
4 | Included in this training were courses on the joining of pipeline materials, corrosion  
5 | control, regulator stations and relief devices, failure investigation, and code application  
6 | and enforcement. In addition, I have attended numerous other courses and seminars  
7 | directly related to pipeline safety and incident investigation related subjects, as well as  
8 | seminars on utility regulation. In the Commission's Energy Department, my  
9 | responsibilities include monitoring all phases of natural gas utility plant design,  
10 | installation, operation, and maintenance. I conduct on-site plant inspections, review and  
11 | analyze utility records, investigate customer gas safety complaints, investigate natural gas  
12 | related incidents and assist in the continued development of the Commission's pipeline  
13 | safety rules. It is my responsibility to make recommendations to each utility's  
14 | management and to the Commission, if necessary, following these evaluations.

15 | I am a member of the National Association of Corrosion Engineers (NACE) and  
16 | former member of the American Society of Mechanical Engineers-Gas Piping and  
17 | Technical Committee (ASME-GPTC). I represented the PSC on the ASME-GPTC from  
18 | 1986-1989. I currently am a member and past Chairman of the National Association of  
19 | Pipeline Safety Representatives and represent the PSC on this organization.

20 | Q. Have you previously testified before this Commission?

21 | A. Yes. I have presented testimony in Case Nos. GC-90-06, GC-91-150, GR-  
22 | 92-165, GM-94-40 and GR-96-285 before the Commission.

23 | Q. What is the purpose of your testimony?

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1           A.     The purpose of my testimony is to (1) describe the regulatory  
2 requirements of 4 CSR 240-40.030(12)(S), specifically, inspecting inside **customer-**  
3 **owned** piping and appliances when an operator turns on the flow of gas, (2) describe the  
4 regulatory requirements of 4 CSR 240-40.030(13)(M), specifically, leak surveys of  
5 **company-owned** piping, and (3) address certain statements made in the United  
6 Steelworkers of America Local No. 11-6 (USWA Local 11-6) Complaint.

7  
8     **Checking inside piping and appliances...referred to by Laclede as TFTO**  
9     **inspections**

10           Q.     Please explain the Commission's pipeline safety regulations regarding  
11 inspection of **customer-owned** piping and appliances at the time the Company physically  
12 turns on the flow of gas to a customer.

13           A.     In general, the basis for the Commission's pipeline safety regulations in 4  
14 CSR 240-40.020 and 4 CSR 240-40.030 are the Federal pipeline safety regulations  
15 contained in 49 CFR Parts 191 and 192. The pipeline safety requirements in the CSR  
16 (State), however, are more stringent than the CFR (Federal) in numerous areas of the  
17 regulations. One such specific regulation is CSR 240-40.030(12)(S)1.A. and B., for  
18 which there is no Federal counterpart. These regulations require that at the time an  
19 operator physically turns on the flow of gas to a customer, each segment of the fuel line  
20 must be tested for leakage to at least the delivery pressure; and a visual inspection of the  
21 exposed, accessible customer gas piping and all connected equipment must be conducted.  
22 This CSR requirement is unusual in that it requires the Company to conduct an inspection  
23 on **customer-owned** piping and equipment. Typically, Federal and Missouri pipeline

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1 safety regulations apply only to **company-owned** piping and equipment, up to (upstream  
2 of) the outlet of the meter. This more stringent requirement was developed to make sure  
3 that Company personnel did not create a hazard on **customer-owned** piping or equipment  
4 when operating a gas valve on **company-owned facilities** when introducing gas into the  
5 structure. The basis for this more stringent requirement, adopted in 1989, was the Staff's  
6 understanding of the liability placed on Company personnel by *Fields vs. Missouri Power*  
7 *and Light*, 374 S.W. 2d 17, (Mo. 1963). The Staff attempted to include in the pipeline  
8 safety regulations what the Staff believed an operator of a natural gas system may be held  
9 liable for (through case law) when going into a structure to relight customer appliances  
10 **when it turned on the flow of gas.**

11 Q. Are there pipeline safety regulations that specifically require inspection of  
12 customer-owned piping and equipment when the billing is changed from one customer to  
13 another?

14 A. No. There is no Federal pipeline safety requirement to conduct an  
15 inspection on customer-owned piping or equipment when the name on the account  
16 changes or even when the flow of gas is turned on to a customer. There is no specific  
17 state pipeline safety requirement to conduct an inspection of customer-owned piping,  
18 unless the flow of gas is being turned on. I know of no other operator of a natural gas  
19 distribution system in the state that is conducting an inspection of customer-owned piping  
20 and appliances when the name on the customer account changes and the gas flow is not  
21 interrupted. In addition, I am not aware of any other state that requires this type of  
22 inspection. CSR 240-40.030(12)(S)2.C. reinforces that it is the customer's responsibility  
23 for maintaining their **customer-owned** piping and utilization equipment. Laclede had

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1 | been going above and beyond the Commission's pipeline safety regulations when  
2 | conducting the TFTO inspections. Therefore, discontinuing the TFTO inspection by  
3 | Laclede did not violate any pipeline safety requirements in CSR 240-40.030 and does not  
4 | cause the Staff to have pipeline safety concerns.

5 |       If the Staff believed that discontinuing TFTO inspections was a safety concern  
6 | and inspections of customer-owned piping were needed when the name on the account is  
7 | changed without interrupting the flow of gas, we certainly would not want the inspections  
8 | to be initiated in such a haphazard manner, dependent on when an account is changed  
9 | from one customer to another. Using that criterion to conduct a TFTO inspection of  
10 | customer-owned piping and appliances would result in some addresses being inspected  
11 | twice a year (houses/apartments used by college students) and other addresses not having  
12 | an inspection due to a TFTO for 20 to 30 years.

13 |       The cursory inspections being discussed are primarily on **customer-owned** piping  
14 | and appliances when the name on the customer account is changed and the flow of gas is  
15 | not interrupted. TFTO inspections are not required by the pipeline safety regulations  
16 | contained in CSR 240-40.030. **Customer-owned** piping and equipment is the  
17 | responsibility of the customer. I believe that if the various local/municipal government  
18 | entities believe safety could be enhanced by these types of TFTO inspections on piping  
19 | that is the responsibility of the customer, it would be more appropriate for these entities  
20 | to pass ordinances requiring an inspection of the **customer-owned** piping and appliances  
21 | when an account is changed from one name to another. These inspections could be  
22 | appropriately performed by qualified HVAC personnel, since they would be very familiar

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1 with installation of customer-owned gas piping, operation of appliances, and venting of  
2 appliances.

3  
4 **Leak surveys of inside, company-owned piping**

5 Q. Please describe the regulatory requirements to leak survey company-  
6 owned service lines.

7 A. 4 CSR 240-40.030(13)(M)2.A. requires instrument leak detection surveys  
8 to be conducted on **company-owned** piping each calendar year, but not exceeding 15  
9 months for business districts. Rule 4 CSR 240-40.030(13)(M)2.B. requires that, outside a  
10 business district, **company-owned piping** located inside a structure must be leak  
11 surveyed with an instrument at intervals not to exceed 39 months, but at least once each  
12 third calendar year. The Federal pipeline safety requirements for annually leak surveying  
13 **company-owned** piping in business districts is the same as the CSR (annually).  
14 However, the Federal requirements prescribe a five-year leak survey interval for  
15 **company-owned** piping outside the business district. So, Missouri's leak survey  
16 requirements for company-owned, inside piping are more stringent than the Federal  
17 requirements (three-year versus five-year frequency).

18 Prior to implementation, Laclede personnel discussed with Staff the idea of  
19 equipping their meter readers with the leak detection devices as a way to comply with the  
20 requirements of 4 CSR 240-40.030(13)(M)2.A. and B. to leak survey inside **company-**  
21 **owned** piping at least every third calendar year. Having the meter readers wear the leak  
22 detection devices was a method by which Laclede could comply with the above-  
23 referenced regulations to instrument leak survey inside **company-owned** piping and was

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1 not to leak survey inside **customer-owned** piping. There is not a specific Federal or  
2 State pipeline regulation that requires meter readers to wear a leak detection device.

3 For Laclede to have complied with the leak survey requirements for inside  
4 **company-owned** piping, prior to deployment of AMR and without using meter readers,  
5 leak survey personnel would have to gain access to the structure on the prescribed  
6 interval and leak survey the inside **company-owned** piping. Prior to installation of  
7 AMR, utilizing the meter readers offered a more efficient method to leak survey  
8 company-owned piping, than having Laclede leak personnel make a separate  
9 appointment to gain access for a leak survey, because the meter readers were already  
10 going into the structure. The requirement to leak survey inside **company-owned** piping  
11 is not being eliminated. Therefore, Laclede is required to conduct the leak surveys on the  
12 inside **company-owned** piping according the prescribed intervals contained in 240-  
13 40.030(13)(M)2.A. and B.

14

15 **Statements in the USWA Local 11-6 Complaint**

16 Q. Do you have responses to certain statements made by USWA Local 11-6  
17 in its Complaint?

18 A. Yes. Statements made on page 2 in the Complaint in paragraph 4  
19 ("...without comment from Staff...") and on page 2 paragraph 5, ("...PSC's tacit  
20 approval of the tariff revisions...") implies that the Staff did not adequately consider the  
21 revisions to the tariffs proposed by Laclede that became effective June 10, 2005. The  
22 Staff thoroughly reviews tariff filings for adequacy and to assure that the proposed  
23 revisions to the tariffs were reasonable and were within the regulations. In this instance,

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1 the Commission's Rates and Tariff personnel, as well as Safety/Engineering personnel,  
2 reviewed the proposed tariff revisions.

3 First, due to the technology utilized by the AMR project, the Staff did not believe  
4 then (and still does not believe) that there was a need for Laclede to continue to obtain  
5 physical meter readings of inside meters on an annual basis. The reading obtained by  
6 AMR would be an "actual" reading of the meter usage. The AMR project will reduce the  
7 large number of estimated meter readings and the associated incorrect billings, which has  
8 been a continuing problem with Laclede's operations as identified by past Commission  
9 Management Services audits. The leak surveys required by Commission rule for inside,  
10 **company-owned** piping would still be accomplished, but would no longer be performed  
11 by the meter readers.

12 Second, the TFTO inspections (cursory inspections conducted by the Company  
13 when the name on the customer account was changed from one customer to another) that  
14 were being discontinued by Laclede have never been required by the Commission's  
15 pipeline safety regulations. The TFTO inspections involved inspections of **customer-**  
16 **owned** piping and equipment that are clearly the responsibility of the customers. The  
17 Staff did not believe then (and does not believe now) that it was appropriate to require  
18 Laclede to continue to perform these inspections that are not required by our regulations  
19 and the Staff knows of no other natural gas company or municipality in the state that  
20 performs that type of inspection. Therefore, the proposed tariff revisions were closely  
21 reviewed by various Staff personnel prior to the tariffs being approved and the Staff  
22 believed the proposed tariff revisions were within the regulations and did not  
23 significantly affect safety of the facilities regulated by the Commission.

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1           Q.    Did Laclede personnel contact you before the proposed tariffs were  
2 submitted?

3           A.    Yes. Prior to filing their revised tariffs, Laclede personnel contacted the  
4 PSC's Safety/Engineering Staff to inform us of the proposed change and to see if the  
5 Staff believed there was a problem with discontinuing, what is referred to as the TFTO  
6 inspection, in conjunction with initiation of the AMR project. As noted above, the  
7 Safety/Engineering Staff indicated they did not believe there was a pipeline safety  
8 requirement to conduct the TFTO Inspection (when the flow of gas was not  
9 discontinued), and was an activity over and above the required activity that was being  
10 paid for by the customers. However, since the TFTO inspection was in Laclede's tariffs,  
11 the tariffs would have to be revised before it discontinued the TFTO inspection. The  
12 Staff did not believe discontinuing the TFTO inspection affected the Commission's  
13 pipeline safety requirements and did not in any way alter the requirements in 4 CSR 240-  
14 40.030(12)(S) to conduct an inspection of customer-owned piping and appliances when  
15 the gas is physically turned on.

16           Q.    Is there another area of the USWA Local 11-6 Complaint that you would  
17 like to address?

18           A.    Yes. On page 2, in paragraph 6, of the Complaint, in a discussion of the  
19 annual meter readings and meter readers wearing leak detection devices, USWA Local  
20 11-6 states: "This current, mandatory safety precaution will be lost should the annual  
21 readings be abandoned and remote meter readings be allowed to constitute actual, inside  
22 meter readings (emphasis added)." The requirement for Laclede to obtain at least an  
23 annual actual meter reading for inside meters was made in a previous Commission case to

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1 address **billing issues** and was not a "mandatory safety precaution." In that Commission  
2 case, there had been some problems with the reliability of older generation devices used  
3 to mechanically transmit the inside meter reading to an outside device to allow an outside  
4 reading of the meter usage. The Commission determined in the case that, for **billing**  
5 **purposes**, an actual physical reading of inside meters should be required annually. The  
6 new technology utilized by Laclede in their current AMR program does not require the  
7 meters to be physically read, since the meter usage is transmitted directly from the meter  
8 by the AMR without using an external mechanism and the data transmitted would be the  
9 actual usage.

10 If the "mandatory safety precaution" noted by USWA Local 11-6 is intended to  
11 refer to meter readers wearing leak detection devices, that assertion is also incorrect,  
12 because there is no specific mandatory requirement for meter readers to wear a leak  
13 detection device. As I have explained in my testimony, having the meter readers wear a  
14 leak detection device is not specifically required by the regulations, but was a method  
15 that Laclede used to comply with the leak survey requirements for inside **company-**  
16 **owned** piping.

17 Q. Does this complete your testimony?

18 A. Yes.