

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 11th day of March, 2015.

The Staff of the Missouri Public Service Commission,)
)
)
Complainant,)
)
)
v.)
)
Laclede Gas Company, d/b/a)
Missouri Gas Energy,)
)
And)
)
Southern Union Company, formerly d/b/a)
Missouri Gas Energy,)
)
Respondents.)

File No. GC-2014-0216

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: March 11, 2015

Effective Date: March 21, 2015

On February 6, 2014, the Staff of the Commission filed a complaint against Laclede Gas Company, (Laclede) doing business as Missouri Gas Energy (MGE) and Southern Union Company, formerly doing business as MGE.¹ The complaint arose from Staff's investigation of an explosion and subsequent fire on February 19, 2013 that destroyed JJ's restaurant in Kansas City, Missouri and resulted in the death of one person.

¹ At the time of the explosion, MGE was a division of Southern Union Company. Subsequently, it was sold to Laclede and now operates as a division of that company.

Staff's complaint included two counts. The first count alleged that MGE violated certain of the Commission's Gas Safety Rules during the events of February 19, 2013. The second count asked the Commission to require MGE to take several actions to improve its response to situations involving natural gas leaks. On February 11, 2015, Staff, Laclede, and Panhandle Eastern Pipe Line Company (successor in interest to Southern Union Company) filed a stipulation and agreement to resolve both counts of Staff's complaint.

Laclede and Panhandle Eastern do not admit that any rule violation occurred, but MGE agrees to implement the policy and procedural changes Staff demanded in the second count of its complaint. Significantly, Laclede, currently doing business as MGE, agrees to bear all incremental costs MGE incurs to implement the terms of the agreement between now and the effective date of rates in its next general rate case. Further, Laclede agrees that it will not seek to defer such incremental costs for future recovery in rates. The stipulation and agreement does not prevent Laclede from seeking rate recovery of ongoing costs related to this stipulation and agreement, incurred after the next rate case, in subsequent ratemaking cases. The stipulation and agreement represents that the incremental costs incurred, but not recovered in rates by MGE, to comply with the requirements of the stipulation and agreement will exceed the maximum penalty amount that could be imposed on MGE for each of the violations alleged by Staff in the first count of its complaint.

The stipulation and agreement is non-unanimous in that it was not signed by all parties. However, Commission Rule 4 CSR 240-2.115(2) provides that other parties have seven days in which to object to a non-unanimous stipulation and agreement. If no party files a timely objection to a stipulation and agreement, the Commission may treat it as a

unanimous stipulation and agreement. More than seven days have passed since the stipulation and agreement was filed, and the Office of the Public Counsel, the only party that did not sign the stipulation and agreement, has not objected. Therefore, the Commission will treat the stipulation and agreement as a unanimous stipulation and agreement.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that the stipulation and agreement is a reasonable resolution of the complaint and that such stipulation and agreement should be approved. As provided in the stipulation and agreement, upon its approval, the Commission will dismiss the complaint.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement filed on February 11, 2015, is approved. The signatory parties are ordered to comply with its terms. A copy of the Stipulation and Agreement is attached to this order.
2. As provided in the Stipulation and Agreement, Staff's Complaint against Laclede Gas Company, doing business as Missouri Gas Energy, and Southern Union Company, formerly doing business as Missouri Gas Energy, is dismissed.
3. The hearing scheduled for May 18-22, 2015, is cancelled.

4. This order shall be effective on March 21, 2015.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Woodruff, Chief Regulatory Law Judge