

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 20th day of
September, 2007.

In the Matter of the Verified Application of Laclede)
Gas Company for an Order Establishing)
Replacement Requirements for the Final Phase of)
its Soft Copper Service Line Replacement Program)
Previously Approved Pursuant to Case)
No. GO-99-155)

Case No. GS-2008-0038

**ORDER GRANTING REDUCTION OF
REPLACEMENT REQUIREMENTS**

Issue Date: September 20, 2007

Effective Date: September 30, 2007

The Commission opened Case No. GO-99-155 on October 30, 1998, as a general investigatory case to receive information relevant to the adequacy of Laclede Gas Company's direct-buried copper service line replacement program and the effectiveness of Laclede's leak survey procedures.¹ On February 18, 2000, Laclede, Staff and the Office of the Public Counsel filed a Unanimous Stipulation and Agreement. As part of the Agreement, Laclede agreed to submit annual reports to Staff detailing direct-buried copper service line renewals and relays² completed, and agreed to submit additional reports confirming the achievement of other milestones under the Agreement. The Agreement provided that after the third year of the program, Laclede and Staff would review the progress and results of the program to determine future relay/renewal

¹ Staff's investigation into the Pralle Lane (Case No. GS-98-422) and Bergerac Drive (Case No. GS-98-423) natural gas incidents led to Staff filing, on October 14, 1998, a motion to open this case.

² As used in this order, the term "renewal" refers to a main to meter replacement of a service line and the term "relay" refers to the replacement of a specific segment of a service line.

plans, including the rate of such future actions, and potential modifications to survey techniques and other related matters. On May 18, 2000, the Commission issued an order approving the Unanimous Stipulation and Agreement.

On August 1, 2003, Staff filed its Three-Year Summary Report. Staff requested that the Commission continue the current requirements of the Unanimous Stipulation and Agreement, with annual reporting from Staff. Staff stated that the requirements of the Copper Service Line Replacement Program reflect the overall goals of protecting the public, achieving a substantial number of replacements annually, using effective leak detection methods, and making timely repairs, while also being mindful of ratepayers' costs. Staff suggested that Laclede has met or exceeded the guidelines of the Stipulation and that the crucial goal of public safety is being maintained.

The Commission conducted a limited hearing on December 5, 2003.³ On March 5, 2004, the Commission issued its Report and Order, adopting Staff's recommendation that the Commission continue the current requirements of the previously approved Stipulation and Agreement with annual reporting from Staff.

In Staff's most recent Annual Report filed on August 30, 2006, Staff stated that it completed an analysis of Laclede's copper service line replacements and bar-hole survey data. Based on its review, Staff recommended that the Commission continue the current requirements of the Stipulation and Agreement, with continued annual reporting from Staff.

On August 8, 2007, Laclede filed a Verified Application Requesting a Revision in the Replacement Requirements for Case No. GO-99-155 Establishing the Adequacy of

³ The Commission indicated that the purpose of the hearing was to determine whether Staff's recommendations should be approved without the necessity for further hearings.

the Company's Copper Service Line Replacement Program and Leak Survey Procedures for Soft Copper Service Lines, Case No. GS-2008-0038.

In its Application, Laclede requested a reduction in the number of soft copper service lines it is required to replace annually from 8,000 to 5,600 due to increased costs of replacing the remaining copper lines. In addition to the costs, Laclede noted the remaining lines are scattered throughout high traffic areas or in locations where construction is difficult. Laclede also noted in its Application that this approach had been approved in the later stages of previous replacement programs.

Staff filed its recommendation on September 6, 2007. Staff indicates Laclede's request is consistent with the goal of the program of assuring public safety and recommends establishing an acceleration replacement deadline of February 2009 for all buried soft copper service lines in Pressure Region I. Pressure Region I is the area in which the previous incidents occurred and has the greatest present potential for additional leaks. Staff suggests Laclede be required to replace 7,000 soft copper service lines annually, continue annual bar-hole surveys and comply with the guidelines in the original Stipulation and Agreement. Staff notes the overall average replacement rate for the duration of the program will still be approximately 8,000 service line replacements per year if Laclede follows Staff's recommendations. Staff also recommends the Commission allow Laclede the right to seek additional modifications next year upon completion of the next leak survey.

On September 13, 2007, Laclede filed its response to the Staff Recommendation. Laclede stated it is willing to accept the modified program terms as set forth in Staff's Recommendation and reserves the right to renew its request for

additional modification in the terms of the program next year upon completion of its next leak survey of direct-buried copper service lines.

IT IS THEREFORE ORDERED:

1. Laclede shall continue to meet all requirements of the original Stipulation and Agreement.
2. Laclede may reduce the number of replacements to the buried soft copper service lines from 8,000 to 7,000 lines annually, commencing in the current program year ending February 2008.
3. The accelerated replacement deadline for all buried soft copper service lines in Pressure Region I is February 2009.
4. Staff of the Commission shall continue to report to the Commission annually and, if at any time the leakage rate increases or Staff determines that public safety is compromised, Staff shall immediately present this information to the Commission and recommend appropriate remedial action.
5. This order shall become effective September 30, 2007.
6. This case may be closed on October 1, 2007.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Appling, and Jarett, CC., concur.
Clayton, C., dissent, with dissenting opinion
to follow.

Dale, Chief Regulatory Law Judge