

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

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

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission and, for its Recommendation in this matter states:

1. On October 14, 1998, Staff filed a motion to open a case to investigate the adequacy of Laclede Gas Company's (Laclede or Company) direct-buried-copper-service-line replacement program and the effectiveness of the Company's leak-survey procedures and investigations.

2. On October 30, 1998, the Commission issued an Order Establishing Case (GO-99-155) for the purpose of receiving information relevant to the adequacy of Laclede's copper service line replacement program and the effectiveness of the Company's leak surveys and investigations.

3. On February 18, 2000, the Parties filed a Unanimous Stipulation and Agreement (Agreement), in which Section 7(h) states: "[a]fter the third year of this program, Laclede and the Gas Safety Staff will review the progress and results of the Company's Copper Service Safety Program to determine future relay/renewal plans, including the rate of such future actions, potential modifications to survey techniques and other related matters."

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

5. On September 6, 2007, Staff responded with its recommendation that Laclede's copper service line replacement program and its leak survey procedures had met the program goals of reducing the number of gas leaks found on copper service lines.

6. Staff recommended and Laclede agreed to a slight reduction in the number of soft copper service lines Laclede was required to replace annually from 8,000 to 7,000. The average number of replacements will remain at approximately 8,000 annually for the term of the program.

7. On September 20, 2007, the Commission issued its Order Granting Reduction of Replacement Requirements.

8. Attached is Staff's Annual Report on Laclede's progress with soft-copper service line replacements and its gas-leak survey procedures.

9. Staff's Report concludes the program is effective in meeting the goal of the program of assuring public safety by reducing the number of leaks found and replacing leaking pipe promptly.

WHEREFORE, the Staff respectfully requests that the Commission accept Staff's Report in compliance with its September 20, 2007 Order. 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.

Respectfully submitted,

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, sent by facsimile, sent by email or hand-delivered to all counsel of record this 11th day of September, 2008.

/s/ Lera L. Shemwell