

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

In the Matter of Laclede Gas Company)
Concerning a Natural Gas Incident at)
Premio Lane in Fenton, Missouri)

Case No. GS-2007-0130

STAFF'S REPLY TO RESPONSES
CONCERNING GAS INCIDENT REPORT RECOMMENDATIONS

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and in support of *Staff's Reply To Responses Concerning Gas Incident Report Recommendations*, states as follows:

1. On September 26, 2006, *Staff's Request To Establish A Case For Investigation Of Gas Safety Incident* was filed to initiate the above-captioned case.

2. On October 5, 2006, the Commission issued its *Order Granting Request To Open Case For Investigation Of A Natural Gas Incident* (Order) for the purpose of receiving the *Gas Incident Report* resulting from Staff's formal investigation of the incident that occurred in Fenton on September 12, 2006. The Order states "Any responses to Staff's report shall be filed 30 days after Staff files its report."

3. On January 31, 2007, the Staff filed its *Motion to Join AmerenUE*.

4. On February 2, 2007, the Staff filed its *Gas Incident Report* (Report) which, among other things included recommendations for both Laclede Gas Company (Laclede) and Union Electric Company d/b/a AmerenUE (AmerenUE). On page 4 of Staff's Report are Recommendations 1-3 to AmerenUE and Recommendation 4 to Laclede.

5. On February 23, 2007, the Commission issued an order joining AmerenUE as a party and directing AmerenUE to file a response to Staff's Report no later than March 26, 2007.

6. On March 5, 2007, Laclede filed its response to Staff's Report and Recommendation 4 as directed by the Commission's order issued on October 5, 2006. On March 26, 2007, AmerenUE filed its response to Recommendations 1-3 as directed by the Commission's order issued on February 23, 2007. Below Staff discusses the responses from both companies.

7. In its response, AmerenUE agreed with Recommendation 1 and identified actions already completed and proposed future actions by AmerenUE and ADB Utility Contractors (ADB), AmerenUE's contractor that was involved in this incident, which Staff finds acceptable. Additionally, AmerenUE agreed with Recommendation 2 and has instructed ADB and all other underground directional boring contractors used by AmerenUE to immediately call 911, in addition to the operator of the natural gas facility, whenever natural gas is escaping from a damaged facility. ADB has also initiated rules and procedures to implement this. The response is acceptable in terms of the Staff's Report and Recommendation 2, but the Staff notes that the requirement to call 911 would also apply when gas is escaping from damages by other types of excavation.

8. In its response, AmerenUE also accepted Recommendation 3 and discusses action it will take to ensure electric cables are installed in accordance with Commission rules. The response also provides general information about plans to increase inspections of directional bored cable installations and monitor the inspector workload.

9. Now that Recommendation 3 has been accepted, however, AmerenUE needs to "review the procedures, practices, training, and number of personnel that are used for the inspection of electric cable installations by contractors to determine what revisions are needed" and "submit the results of the review and an estimated schedule for actions to the Staff." The

Staff recommends that AmerenUE complete the review and submit the results and schedule to Staff by May 4, 2007.

10. Staff does not consider the actions Laclede agrees to take in its response to be sufficient. In response to the first sentence of Recommendation 4, Laclede indicates that “Laclede concurs with Staff’s proposal that the Company review its procedures, practices, and number of personnel used for excavation inspections in the vicinity of its natural gas pipelines.” This wording matches part of the first sentence of Recommendation 4 (except “training” is omitted), but does not address the recommendation that Laclede should “determine how to increase the number of excavation inspections conducted.”

11. In its response, Laclede does indicate that Laclede is willing to discuss with Staff whether there may be limited circumstances when additional inspections of boring projects would be useful, but Laclede does not believe it would be practical to perform “at least one visit to each horizontal boring project during the course of the project.” The response then provides four pages of considerations upon which Laclede bases this conclusion. The Staff does not believe there is a benefit to discussing every aspect of these considerations in this filing, but is willing to discuss them further with Laclede. The Staff does want to clarify two issues addressed by Laclede as follows.

12. On page 5 of its response, Laclede states a belief that “Staff’s rationale for recommending visits to each boring project is to make contact and foster communication with contractors about recommended boring practices.” While this is a positive aspect of such visits, Staff’s reason for this recommendation is for Laclede to enhance its compliance with the performance-type regulations regarding excavation inspections. The pertinent Missouri pipeline

safety regulations regarding excavation inspections and Laclede's compliance measures are discussed in the *Gas Incident Report*.

13. As noted in the previous item, Laclede discusses "Staff's rationale for recommending visits to each boring project" Later on page 5 of the response, Laclede states that "if Laclede were required to ensure that a visit be conducted on each boring project regardless of the size of the project" (emphasis added). At the top of page 21 of the *Gas Incident Report*, Staff specifically addressed the size and type of boring projects for which it recommends a goal of at least one visit during the project.

14. The Staff recommendation is directed at significant boring projects that are as large as or larger than the project on Premio Drive, and gives priority to significant boring projects involving an excavator with a history of damaging Laclede facilities. In the interest of public safety, Staff recommends Laclede make every effort to reach that goal.

15. The Staff renews its Recommendation 4 to Laclede with the clarification that it applies to "significant" boring projects as discussed above. The Staff recommends that Laclede complete the recommended review, and submit the results and estimated schedule for actions to Staff by May 4, 2007. The Staff also agrees to meet with Laclede before and/or after May 4 if Laclede wants to discuss this further.

16. The Staff also renews its Recommendation 6 to the Commission, which was also supported by Laclede in its response. The Staff offers its assistance in sending out this advisory to electric utilities, telecommunication companies and rural electric cooperatives.

WHEREFORE, the Staff requests that AmerenUE and Laclede Gas Company submit review results and action schedules to the Staff no later than May 4, 2007, and recommends that the Commission take action in response to Recommendation 6 of the *Gas Incident Report*.

Respectfully submitted,

/s/ Lera L. Shemwell

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record and counsel for AmerenUE and Laclede this 2nd day of April 2007.

/s/ Lera L. Shemwell
