



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5755

ROBERT J. HACK

Vice President, Pricing & Regulatory Affairs

November 4, 2003

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102-0360

FILED⁴

NOV 05 2003

Missouri Public
Service Commission

RE: Case No. GS-2003-0468

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter, please find an original and eight (8) conformed copies of **Missouri Gas Energy's Response to Incident Report**.

A hard copy of this filing has been mailed or hand-delivered this date to counsel of record.

Thank you for bringing this matter to the attention of the Commission. Please call me if you have any questions regarding this matter.

Sincerely,

C: Robert S. Berlin
Douglas E. Micheel

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED⁴

NOV 05 2003

In the matter of an incident at 3441)
Chestnut Avenue in Kansas City,)
Missouri.)

Case No. GS-2003-0468

Missouri Public
Service Commission

MISSOURI GAS ENERGY'S RESPONSE TO INCIDENT REPORT

Come now Missouri Gas Energy ("MGE"), a division of Southern Union Company, by and through counsel, and respectfully states as follows:

1. On September 12, 2003, the Staff filed a "Gas Incident Report" (the Incident Report) in Case No. GS-2003-0468. The Incident Report relates the relevant facts as found by the Staff surrounding an incident which occurred at approximately 10:30 a.m. CST on March 9, 2003, in which natural gas ignited in a residential home at 3441 Chestnut Avenue in Kansas City, Missouri ("the incident"). The home sustained severe fire damage, but there were no injuries or fatalities resulting from the incident.

2. Also on September 12, 2003, the Staff filed a "Complaint" against MGE alleging violation of a Missouri Public Service Commission ("Commission") rule, 4 CSR 240-40.030(12)(C) regarding following MGE's written safety procedures governing evacuation of premises when hazardous concentrations of gas are detected. This case was docketed by the Commission as Case No. GC-2004-0132.

3. In the Incident Report, the Staff concluded that the probable cause of the incident was the migration of natural gas from a fractured main into the premises at 3441 Chestnut Avenue and ignition by an unidentified source. In the Incident Report, the Staff makes two operational recommendations pertaining to A) MGE analyzing the incident and the failure of proper evacuation, instructing Company personnel in proper emergency response procedures—

including the early identification of a hazardous situation and the fastest, safest method of evacuation, and reviewing procedures with the service person who initially responded; and B) MGE reinforcing communications with the City of Kansas City, as well as other operators of sewer and water utilities within MGE's service area, regarding the need for notification regarding, and inspection of, excavations regarding MGE facilities and in particular cast iron mains.

4. By a Notice dated September 12, 2003, in Case No. GS-2003-0468 MGE was advised by the Commission that its response to the Incident Report is due no later than November 12, 2003. By a "Notice of Complaint" dated September 19, 2003, in Case No. GC-2004-0132, MGE was advised that it was to file an Answer or the measures taken to satisfy the Complaint on or before October 19, 2003, which deadline was subsequently extended to November 12, 2003. This pleading serves as MGE's response in Case No. GS-2003-0468. A Settlement Agreement and Satisfaction of Complaint is filed concurrently herewith in Case No. GC-2004-0132.

5. Without conceding the legal merits of any of the Staff's allegations of violation, MGE provides the following response to the recommendations made in the Incident Report. MGE intends to implement, or continue to implement, the operational recommendations made by the Staff in its Incident Report as follows:

A. Missouri Gas Energy has used the circumstances of March 9, 2003 located at 3441 Chestnut as a training aid. We have conducted training exercises in every service area discussing this incident and what our service person did that placed himself and the customer in jeopardy. Though the incident was unfortunate, it has served as a building block for showing our employees what we did wrong and what we did right. We have

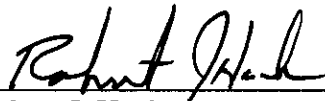
visited individually with the responding serviceperson to reinforce what he should have done (to wit, immediately evacuate inhabitants from the premises) upon finding 20% gas in an open atmosphere of a structure. The serviceperson is better informed on taking emergency actions and ensuring the safety of our customers and himself.

B. Missouri Gas Energy has visited with the leadership team of each of our service areas in regard to visiting with Water and Sewer Departments working in close proximity to our cast iron main systems. Missouri Gas Energy's Engineering groups already meet on a regular basis with City officials in regard to public improvement and street renovation projects. As these meetings continue our leadership team will advise City Officials of the importance of notifying us when working around our cast iron main systems. Part of this discussion will be to advise them that we have personnel available that would be willing to visit with their construction work groups in regard to preventing the undermining of cast iron main systems and on proper back fill methods, in particular, that sand and gravel are not approved backfill material around gas pipelines.

6. MGE has no objection to the Staff recommendation that this case remain open for an additional period of 6 months to permit the Staff to conduct further investigation.

WHEREFORE, MGE respectfully submits this response to the Staff Incident Report.

Respectfully submitted,



Robert J. Hack MBE #36496
3420 Broadway
Kansas City, MO 64111
(816) 360-5755
FAX: (816) 360-5536
e-mail: rhack@mgemail.com

Attorney for Missouri Gas Energy, a
division of Southern Union Company

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or e-mailed on November 4, 2003, to:

Robert S. Berlin
Associate General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Douglas E. Micheel
Senior Public Counsel
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

