

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 7th day of
October, 2009.

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.)

File No. GS-2008-0038

**ORDER CONTINUING REQUIREMENTS OF DIRECT-BURIED COPPER
SERVICE LINE REPLACEMENT PROGRAM**

Issue Date: October 7, 2009

Effective Date: October 17, 2009

The genesis of this matter dates back to 1998 when the Commission opened File No. GO-99-155 to investigate the adequacy of Laclede Gas Company's direct-buried copper service line replacement program. Staff's investigation of Laclede lead to the Commission's approval of a stipulation and agreement in 2000 between Staff, Laclede, and the Office of the Public Counsel by which Laclede agreed to replace 8,000 copper service lines each year. Laclede also agreed to undertake additional leak surveys to identify problem lines and replace them more urgently.

The 2000 stipulation and agreement required Laclede to submit annual reports detailing the progress of the replacement program. The stipulation and agreement also provided that after the third year of the replacement program, Laclede and the Gas Safety Staff would review the progress and results of the program and determine the future course

the program would take. Each year thereafter, the Commission has issued an order continuing the requirements of the stipulation and agreement.

Initially, the Commission issued those orders in GO-99-155, but in 2007, Laclede filed an application in this case asking the Commission to decrease the number of service lines to be replaced each year. The Commission approved a reduction to require Laclede to replace 7,000 instead of 8,000 service lines each year. Since then, the Commission has issued the annual orders continuing the requirements of the stipulation and agreement in this case.

On September 18, 2009, Staff filed its annual report concerning Laclede's service line replacement program. When Laclede started its replacement program in January 2000, its system contained 23,832 high-pressure direct buried copper service lines, and an additional 57,811 low-pressure lines. Staff reports that through March 1, 2009, which marks the end of the ninth year of the replacement program, Laclede has replaced all but 8,501 low-pressure direct-buried copper service lines. Laclede has now replaced all its high-pressure direct-buried copper service lines. Leak testing required by the stipulation and agreement reveals that the number of leaks identified by the testing has been reduced as more lines are replaced. Further, Staff is satisfied that Laclede has taken prompt action to repair all leaks found through leak testing.

Since Laclede is required to replace 7,000 service lines per year, it will replace its last direct-buried copper service line sometime in 2010. Staff recommends the Commission order Laclede to continue to comply with the previously established replacement schedule, leak survey, and repair requirements. Staff indicates it will continue

to monitor Laclede's actions, and will file a final report with the Commission in 2010, after Laclede completes the replacement program.

Commission rule 4 CSR 240-2.080(15) allows parties 10 days in which to respond to any pleading unless otherwise ordered by the Commission. More than 10 days have passed since Staff filed its report and no party has responded to that report or Staff's recommendations. The Commission finds Staff's recommendations to be reasonable and will order Laclede to continue to comply with those recommendations.

THE COMMISSION ORDERS THAT:

1. Laclede Gas Company shall continue to replace a minimum of 7,000 direct-buried copper service lines per year.
2. Laclede Gas Company shall continue to conduct an annual bar-hole leak survey of direct-buried copper service lines.
3. Laclede Gas Company shall continue to immediately repair all identified Class 1 and Class 2 leaks. Laclede Gas Company shall continue to repair all Class 3 leaks in Pressure Region I within six months of discovery, and shall repair Class 3 leaks in Pressure Region II within one year of discovery.
4. Staff shall report to the Commission when Laclede Gas Company has completed its direct-buried copper service line replacement program.

5. This order shall become effective on October 17, 2009.

(S E A L)

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. Reed', is positioned above the printed name of the Secretary.

Steven C. Reed
Secretary

Clayton, Chm., Davis, Jarrett, Gunn,
and Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge