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Witness: Robert R. Leonberger
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

REBUTTAL TESTIMONY

OF

ROBERT R. LEONBERGER

LACLEDE GAS COMPANY

CASE NO. GT-2009-0056

**Jefferson City, Missouri
August 2009**

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Q. Please state your name and business address.

A. My name is Robert R. Leonberger and my business address is P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as a Utility Regulatory Engineering Supervisor in the Gas Safety/Engineering Section of the Energy Department of the Utility Operations Division.

Q. Please review your educational background and work experience.

A. In 1977, I received a Bachelor of Science degree in Architectural Engineering from the University of Colorado in Boulder, Colorado. After graduation I was employed by the Missouri Highway and Transportation Department in the Bridge Division from 1977-1982 as a Structural Design Engineer and later as a Senior Structural Design Engineer. While at the Highway Department I performed highway bridge design work and checked bridge design plans of others. During that time I also spent one year as a steel fabrication inspector monitoring quality control of bridge steel fabrication.

Since July 1, 1982, I have been on the Gas Safety/Engineering Staff of the Commission. I was promoted to the position of Engineer IV in November of 1987 and assumed my present position in October of 1990. I have successfully completed seven

1 courses prescribed by the U.S. Department of Transportation (DOT) at the Transportation
2 Safety Institute regarding the application and enforcement of the minimum federal safety
3 standards for the transportation of natural and other gas by pipeline (49 CFR, Part 192).
4 Included in this training were courses on the joining of pipeline materials, corrosion control,
5 regulator stations and relief devices, failure investigation, and code application and
6 enforcement. In addition, I have attended numerous other courses and seminars directly
7 related to pipeline safety and incident investigation related subjects, as well as seminars on
8 utility regulation. In the Commission's Energy Department, I manage the Commission's
9 Pipeline Safety Program and supervise the Gas Safety/Engineering Staff. My responsibilities
10 include monitoring all phases of natural gas utility plant design, installation, operation, and
11 maintenance. I conduct on-site plant inspections, review and analyze utility records,
12 investigate customer gas safety complaints, investigate natural gas related incidents and assist
13 in the continued development of the Commission's pipeline safety rules. It is my
14 responsibility to make recommendations to each utility's management and to the
15 Commission, if necessary, following these evaluations.

16 I am a member of the National Association of Corrosion Engineers (NACE) and
17 former member of the American Society of Mechanical Engineers-Gas Piping and Technical
18 Committee (ASME-GPTC). I represented the PSC on the ASME-GPTC from 1986-1989. I
19 currently am a member and past Chairman of the National Association of Pipeline Safety
20 Representatives (NAPSR) and represent the PSC on this organization.

21 Q. Have you previously testified before this Commission?

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1 A. Yes. I have presented testimony in Case Nos. GC-90-06, GC-91-150, GR-92-
2 165, GM-94-40, GR-96-285, GC-2006-0060, GC-2006-0318, GC-2006-0431, and GC-2006-
3 0390 before the Commission.

4 Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to address the tariff language with respect to
6 inspection of customer-owned piping and equipment, explain the Staff's position concerning
7 the tariffs as they pertain to these Commission-required inspections of customer-owned piping
8 and equipment, and address the testimony of Mr. Abernathy.

9 Q. Does the Energy Department's Gas Safety/Engineering Staff (Staff) believe the
10 tariffs absolve the Company of responsibility "downstream" of the meter in all cases?

11 A. No. The Staff does not believe language automatically limits Laclede's
12 responsibility to provide gas free of debris "downstream" of the meter.

13 Q. Are there instances where the Staff believes the Company has or may have
14 responsibility for occurrences "downstream" of the Company meter?

15 A. Yes. These fall into two main categories: first, if the Company does not
16 deliver the gas in compliance with the Commission rules, regulations, tariffs, and orders; and
17 second, there may be some operational conditions that could cause damage to customer-
18 owned equipment or cause the customer to incur costs to fix the problem that are not covered
19 by the Company's compliance to Commission rules.

20 Q. Do you believe the tariff adequately addresses the two issues noted above?

21 A. I believe the wording of the tariff recognizes that if Laclede does not comply
22 with State and Federal pipeline safety regulations it may be liable for damage, or injury to
23 persons or property, or death. In addition, Staff wanted to make sure the tariff language not

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1 limit Laclede's responsibility in other specific instances when the Company may be
2 responsible for loss, damage, or injury to persons or property, or death downstream of the
3 meter, even though a rule or regulation was not violated. Staff believes the tariff language
4 does not limit Company responsibility in cases where the Company may have some causal
5 connection. At the same time, the proposed tariff recognizes the Company should not be an
6 unwilling insurer of customer equipment because the Company performed a visual turn-on
7 inspection required by Commission rule.

8 Q. Why would the Staff consider a tariff of this nature that may limit Laclede's
9 responsibility in certain specific fact situations?

10 A. Missouri is one of the few states with regulations requiring Companies to
11 conduct visual inspections of exposed, accessible customer-owned gas piping, interior and
12 exterior, and all connected customer equipment when the operator turns on the flow of gas to
13 a customer. The intent of the Commission's regulations 4 CSR 240-40.030(10)(J)1 and
14 (12)(S)1 is to have the natural gas distribution system operator make a visual check of the
15 exposed, accessible customer-owned piping and equipment to check for any obvious safety
16 issues that exist at the time the natural gas is turned on. The inspections required by 4 CSR
17 240-40.030(10)(J)1 and (12)(S)1 are only visual inspections to determine if it is safe, at that
18 time, to introduce gas into the customer-owned system. This means the Company makes a
19 "yes" or "no" determination to turn on the gas and may also identify unsafe conditions. At
20 the time the regulations were written, there was no thought given to a "time-limit warranty"
21 for this inspection. The intent was simply to determine whether it was safe at that time to turn
22 on the gas. The regulations do not envision an exhaustive search or inspection of the
23 premises. The language in the Missouri regulations that requires natural gas utilities to

1 conduct an inspection of customer-owned piping and customer equipment, and the actual
2 interior inspection itself, may increase Laclede's exposure to liability. Laclede may be
3 exposed to more liability than in other states where the inspection of customer-owned piping
4 and equipment is not required at turn on. Staff believes it is important to continue these
5 inspections. If Laclede finds even one instance where a potential explosion is avoided, the
6 stricter Missouri regulations have served their purpose. However, customers should not be
7 able to use the Missouri regulation to imply greater responsibility simply because Laclede
8 completed the required inspection.

9 Q. Do you believe the tariff should limit the Company's liability?

10 A. The proposed tariff raises policy issues concerning the limitation of the
11 Company's liability. I have reviewed the tariffs from an operation and safety perspective and
12 am not in a position to have a legal opinion whether the tariffs are an appropriate place for
13 limiting liability in certain cases. From an operational and safety perspective, Staff believes it
14 is appropriate for the Company's liability to be limited under certain fact conditions. Staff
15 witness Tom Imhoff more fully discusses the specifics related to Staff's support of the
16 proposal with conditions.

17 Q. Please explain the CSR regarding Laclede's requirement to inspect customer-
18 owned piping and equipment.

19 A. Laclede is required by Commission rule to perform a visual inspection of
20 exposed, accessible customer gas piping and all connected customer equipment at any time
21 the gas is turned on to the customer (4 CSR 240-40.030(10)(J)1 and (12)(S)1). In addition, 4
22 CSR 240-40.030(12)(S)3 requires: "The operator shall discontinue service to any customer
23 whose fuel lines or gas utilization equipment are determined to be unsafe. The operator,

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1 however, may continue providing service to the customer if the unsafe conditions are
2 removed or effectively eliminated.” The Company is required to shut off the gas or isolate the
3 unsafe conditions found at the time of the inspection.

4 Q. Do you agree with the Company’s 60-day and 90-day limits on responsibility?

5 A. Again, the regulation at 4 CSR 240-40.030(10)(J) and (12)(S) requiring
6 inspection of customer-owned piping and equipment is intended to check, at the time the gas
7 is physically turned on, whether it is safe to introduce gas into the customer-owned system.
8 The regulations only envisioned a determination of whether hazards exist at the time the gas is
9 turned on. Staff did not envision a “time-limit warranty”. The 60-day and 90-day time
10 periods seem to be appropriate and reasonable and to be consistent with HVAC contractor
11 practices when repairs are made.

12 Q. Does the Company have sufficient internal controls to ensure that the
13 Company representative has completed a proper inspection under the regulations?

14 A. Whenever the gas is turned on, Company personnel are required to conduct an
15 inspection according to 4 CSR 240-40.030(10)(J) or (12)(S). Laclede has forms that service
16 personnel complete when the gas is turned on that indicate the required inspections were
17 made. These records are reviewed during the Staff’s compliance inspections to monitor if a
18 proper inspection was conducted.

19 Q. Please summarize your testimony.

20 A. The Missouri Public Service Commission Gas Safety/Engineering Staff
21 believes that as contained in the tariff, it is a safe and reasonable approach to hold Laclede
22 responsible for events that may occur downstream of the meter when the Company is
23 responsible, while limiting the liability in those cases when the Company is not responsible.

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1 Q. Does this conclude your direct testimony?

2 A. Yes.