

Exhibit No.:	
Issue:	Potential Unauthorized Use
Witness:	Mark D. Lauber
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Laclede Gas Company
Case No:	GC-2006-0318
Date:	September 6, 2006

LACLEDE GAS COMPANY

GC-2006-0318

REBUTTAL TESTIMONY

OF

MARK D. LAUBER

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4
5 **CASE NO GC-2006-0318**
6

7 Q. Please state your name and business address.

8 A. My name is Mark D. Lauber. My business address is 3950 Forest Park Avenue, Room
9 239, Saint Louis, Missouri, 63108.

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

11 A. I am employed by Laclede Gas Company as Superintendent of Maintenance Engineering.

12 Q. Please review your educational background and work experience.

13 A. In December of 1986 I received a Bachelor of Science degree in Electrical Engineering
14 from the University of Missouri – Rolla. I have been employed by Laclede Gas
15 Company from January 1987 to the present. I worked as an engineer in Laclede's
16 Maintenance Engineering Department and Construction and Maintenance Department
17 from January 1987 to May 1993. During this time I was assigned responsibility for
18 corrosion control systems used by Laclede and for administering corrosion control
19 training for Laclede personnel. I developed numerous databases to track the compliance
20 of various inspection programs required by pipeline safety regulations. From May 1993
21 through December 1996, I was Assistant to the Superintendent, Construction and
22 Maintenance, in which I was responsible for the maintenance and emergency response
23 work forces in the Central and South Districts of the Construction and Maintenance
24 Department.

25 From January 1997 to December 1998, I was Senior Maintenance Engineer in the
26 Engineering Department in which I was assigned the responsibility for implementing and

1 ensuring the overall company compliance with U.S. Department of Transportation
2 Pipeline Safety Regulations Part 192, Part 195 and Missouri Public Service Commission
3 Pipeline Safety Regulations, 4 CSR 240-40.030. I acted as the Company liaison with the
4 Gas Safety Staff of the Missouri Public Service Commission in daily matters including
5 regulatory issues, annual audits, and incident investigations related to the Company's
6 natural gas distribution system composed of over 15,000 miles of pipe. I represented the
7 Company in matters concerning the National Transportation Safety Board (NTSB). My
8 responsibilities also included directing Laclede's unprotected bare steel and cast iron
9 main replacement programs during this time.

10 From January 1999 to the present, I have served as Superintendent of
11 Maintenance Engineering in which I have maintained the responsibilities of my previous
12 position and added new duties, including responsibility for the Company's physical
13 testing laboratory, the Company's integrity management programs for natural gas
14 transmission lines and hazardous liquid pipelines, engineering oversight of the
15 Company's direct buried copper service line replacement program, and administration of
16 the Company's public awareness program. I hold a professional certification with the
17 National Association of Corrosion Engineers (NACE International) as a Cathodic
18 Protection Specialist and I have held various offices in the local Greater St. Louis Section
19 of NACE International, including Section Trustee from 2000 to 2004.

20 Q. What is the purpose of your testimony?

21 A. The purpose of my testimony is to respond to the safety concerns raised by the Staff of
22 the Missouri Public Service Commission (the "Staff") in Case No. GC-2006-0318 in

1 connection with situations where the Company has detected potential unauthorized use at
2 a location even though service to that location has supposedly been disconnected.

3 Q. What is your understanding of the nature of Staff's concerns and its recommendation for
4 addressing them?

5 A. As discussed in the direct testimony of Staff witness Leonberger, the Staff's concern
6 focuses on those situations where Laclede has shut off the flow of natural gas to a
7 premise by locking off the meter and/or service line valve at the curb, but subsequent
8 meter readings have indicated continued gas usage. Staff contends that any potentially
9 unsafe conditions created by this kind of circumstance should be addressed by requiring
10 that, upon discovering possible unauthorized usage, Laclede should promptly, but in no
11 event later than four days (excluding Sundays and holidays) after such discovery, take
12 action to eliminate this possible unauthorized gas use, by visiting the premises and, if
13 necessary, taking additional steps to shut off the flow of gas.

14 Q. Has the Staff alleged that Laclede's existing approach to these situations is in violation of
15 any Commission rule or requirement?

16 A. No. Although the Staff cites a general provision of the Commission's safety regulations
17 that requires operators to inspect certain customer facilities when the flow of gas is turned
18 on, Staff does not allege that the proposed four day timeframe for addressing situations in
19 which there is potential unauthorized use is mandated by any existing rule or regulation.

20 Q. Does Laclede believe that Staff's recommendation nevertheless has merit?

21 A. Laclede agrees with Staff that acting promptly in such situations is good policy. While I
22 believe Staff's recommendation presents a reasonable starting point for addressing such
23 situations, I do not think it should be adopted in its entirety.

1 Q. Why is that?

2 A. First, from a safety standpoint, I am not aware of any natural gas incident in Laclede's
3 service territory that could have possibly been prevented if Staff's proposed four day
4 requirement to take corrective action in such cases had been in effect. Indeed, in those
5 extreme cases where a customer's unauthorized use of gas would actually result in a
6 significant inside natural gas leak, such as an open fuel run, I doubt that even an
7 immediate response after discovery by Laclede or the fire department would come soon
8 enough to prevent an incident.

9 Q. Are there other, more effective ways of dealing with a situation where a significant leak
10 really does pose a threat?

11 A. Yes. The most effective method involves odorizing the gas and educating consumers to
12 call in any odors they encounter as soon as possible. Laclede takes its obligation to
13 odorize the natural gas, in compliance with the Commission's pipeline safety regulation
14 at 4 CSR 240-40.030(12)(P), very seriously. Laclede not only complies with all
15 odorization requirements, but in many cases, odorizes to levels well above what is
16 required by this regulation. In the vast majority of cases where leaks occur inside
17 buildings, the odor of gas is detected at levels well below conditions that would create a
18 safety hazard, and the odors are reported to Laclede immediately and corrected. I believe
19 odorization, and the on-going public education measures required under the
20 Commission's pipeline safety regulation at 4 CSR 240-40.030(12)(K), provide a high
21 level of safety in a wide variety of conditions, including cases where potential
22 unauthorized usage leads to a serious leak. As a result, there is no evidence to support the
23 need to respond to such cases within an arbitrary four day period.

1 Q. Can public safety actually be jeopardized in the event situations involving potential
2 unauthorized gas usage are addressed too quickly?

3 A. Yes. In some cases, unauthorized gas usage may be detected without there being a
4 customer of record because the new customer has not yet contacted Laclede, has not been
5 immediately entered into Laclede's system, or because some other delay in the
6 establishment of service or billing has occurred. In other cases, there may in fact be
7 diversion occurring. The real issue is whether the Commission wants service to be
8 disconnected (assuming that's possible) in each and every case before any additional
9 inquiry is made. Obviously, from a public health and safety standpoint this is a
10 particularly important consideration in circumstances where the weather is extremely
11 cold and discontinuance of service could have significant consequences for the customer.
12 Laclede has many service lines that serve multiple customers with inside meters that have
13 a single outside shut off valve. I should also note that by imposing an arbitrary period of
14 time that allows no flexibility based on the circumstances, the Commission would be
15 potentially forcing Laclede to shut off service to some active customers in multi-family
16 situations because they are served with gas through a service line that also serves a
17 premise suspected of unauthorized gas use. These actions as well could lead to unsafe
18 conditions being created for many customers during cold weather.

19 Q. How then do you believe such situations should be addressed?

20 A. Laclede agrees that some form of action should be taken within four business days of
21 discovery of potential unauthorized use. However, Laclede believes that action should
22 consist of sending a letter to the address where the potential unauthorized use is
23 occurring, notifying the occupant of the need to immediately contact the Company to

1 arrange for service or face disconnection within 30 days. In the event no communication
2 is received on the account within that timeframe, the Company should then arrange to
3 physically inspect the premises and attempt to disconnect the service.

4 Q. What are the benefits of such an approach?

5 A. First, it should prevent or at least minimize any situations where an erroneous
6 disconnection would unnecessarily threaten the occupants of a structure. Second, it
7 should reduce the number of times that Laclede needs to send personnel to a particular
8 location to investigate and perform such work, thereby saving all customers money in the
9 long run. Third, I think it will accomplish both of these goals while fully maintaining
10 public safety.

11 Q. Does this conclude your testimony?

12 A. Yes, it does.

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