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December 17, 1999

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FILED³

DEC 17 1999

Missouri Public
Service Commission

RE: Case No. GO-99-155

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of the **STAFF'S RESPONSE TO THE PROCEDURAL SCHEDULE RECOMMENDATION OF LACLEDE GAS COMPANY.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Lera L. Shemwell
Assistant General Counsel
(573) 751-7431
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LLS:sw
Enclosure
cc: Counsel of Record

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

FILED³

DEC 17 1999

Missouri Public
Service Commission

In the matter of Laclede Gas Company)
regarding the adequacy of Laclede's)
service line replacement program and)
leak survey procedures.)

Case No. GO-99-155

**STAFF'S RESPONSE TO THE PROCEDURAL SCHEDULE
RECOMMENDATION OF LACLEDE GAS COMPANY**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) for its Response to the Procedural Schedule of Laclede Gas Company (Recommendation) and states:

1. Staff agrees that the Commission should have as much useful and conclusive information as possible in order to make a decision concerning what type of replacement program is necessary on Laclede's system to protect the public. The Staff disagrees that the Commission should delay approval of such a program while waiting for information that may or may not be useful, given the fact that there have been three recent gas incidents related to leaking copper service lines that resulted in two injuries and a fatality.

2. Laclede has been gathering information on copper service lines since 1975. As part of the Ringer Road Agreement, which was entered into between Laclede and Staff and approved by the Commission in 1991, Laclede was to gather and analyze data from leaking copper service lines. In 1998, following the Pralle Lane and Bergerac Drive incidents, Laclede hired a consultant to analyze the corrosion occurring on its copper service lines.

3. Most recently, following the February 1999 Valley Park incident, Laclede hired another consultant to analyze corrosion on copper service lines. The information gathered to date and the analysis done have proven to be inconclusive at best. Staff is not sure that any additional information will be developed that has not already been made available and

considered. Staff is not willing to suggest to this Commission that it delay a decision concerning a systematic replacement program while waiting for additional evidence that may or may not be of value.

4. In paragraph 2 of its Recommendation, Laclede notes the agreements that Staff and Laclede have reached concerning actions Laclede will be taking. While the steps are of value in making needed improvements to the original Ringer Road Agreement, these measures do not address why copper service lines are corroding or which copper service lines are corroding, but have not yet begun to leak.

5. Staff is interested in any additional information that Laclede and its consultants may present as a result of the enhanced bar hole survey, or any other study, and agrees that the Commission should receive and evaluate that information. Staff does not, however, agree that any information produced will be conclusive or of sufficient value to justify delay of a Commission decision concerning replacement of copper service lines. It is also unrealistic to assume that any new information will provide what years of Laclede's own data collection/evaluation and two consultants have been unable to determine. This is consistent with Staff's experience over the past several years in trying to determine the actual mechanisms or combination of mechanisms contributing to the corrosion on copper service lines.

6. Laclede asserts that the scheduling of a hearing in late July "will in no way delay or hinder the Company's ability to begin its direct buried copper service line replacement program by January 1, 2001." Staff suggests that this statement is misleading. While the Company's ability to begin a program might not be delayed, the Commission's ability to issue an order could be delayed. In recommending a July hearing date, Laclede has failed to allow sufficient time for Staff to review and evaluate any additional information that may be presented. Staff must have

adequate time to evaluate any information submitted in order to make a recommendation to the Commission.

7. Laclede refers to its experience with Case No. GT-99-303 to support its contention that the Commission could issue a decision by mid-September, 2000. Assuming for the sake of argument that any new information *may* be conclusive or useful, Staff believes that experiences from the three gas incident cases directly related to this case (GS-98-422, GS-98-423, and GS-99-371) provide a more realistic picture for determining when the Commission could be in a position to issue a decision. In the first two incident cases noted above, extensions of time for filing the Incident Reports were necessary because of the time required to gather and analyze data, and time spent waiting for receipt of the consultant's report. Further, Laclede has still not made the consultant's report related to Case No. GS-99-371 available to the Staff.

8. Laclede suggests that it would provide the Staff with the results of the leak surveys periodically to facilitate Staff's review. However, it has been the Staff's experience in the incident cases, that information from a consultant is not available until a final report is completed, and such a report is usually delivered later than expected. Once the consultant's report is received, Staff must still review a lengthy technical report (which took months to prepare); compare those findings to the leak survey data and other engineering analysis; prepare, receive, and analyze responses to data requests concerning the information; and prepare testimony. The two or three weeks suggested by Laclede in its proposed schedule are grossly insufficient for Staff to review and properly evaluate the information.

9. Staff believes that a more realistic estimate for the earliest date that the Commission could possibly issue a decision (assuming information and reports are not delayed) would be late October or early November 2000. Laclede has already indicated the possibility of requesting a

four-month extension on its Ringer Road Agreement (a ten year program), and Laclede indicated in its October 6, 1999 filing that it could possibly need six months to begin a replacement program from the date the Commission directs Laclede to undertake such a program.

10. Again, Staff agrees that the Commission should have as much useful, credible information as possible when determining what is the most appropriate program to protect the public. Staff does suggest, however, that it is impossible to predict the value of this information. The information gathered, particularly if it is of value in determining where leaks are going to happen, rather than just where they are currently occurring, can and should be used by the Commission to modify or tailor an existing replacement program.

11. There are several benefits to having a replacement program in place prior to the submission of any additional information. Laclede can take as much time as is necessary to gather and analyze the additional information. The Staff could work with Laclede to analyze and evaluate the information to determine if the information is useful and conclusive. If the information proves to be inconclusive or of limited value, time would not have been wasted, since a program will already be in place that is designed to provide for public safety.

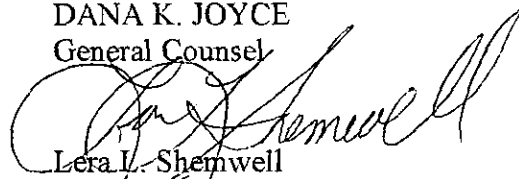
12. There is no need for the Commission to decide now whether it will have sufficient evidence after the February hearing to order Laclede to begin a systematic replacement program for copper service lines. Staff believes sufficient information will be presented to the Commission at the February hearing concerning the need and justification for a systematic copper service line replacement program. If the Commission determines after the February hearing that it has sufficient information to order such a program, and does so, there is nothing to prevent the Commission from modifying the ordered program later, when and if additional

information of value is developed and presented. The Commission has previously made modifications to existing replacement programs upon receipt of persuasive information.

WHEREFORE, the Staff respectfully requests the Commission issue an Order adopting the Staff's proposed procedural schedule. Staff suggests that the Commission may decide after the February hearing whether enough information has been submitted for the Commission to issue an order respecting implementation of a copper service line replacement program.

Respectfully submitted,

DANA K. JOYCE
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CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served on all parties of record as shown on the attached service list.



Lera L. Shemwell

Service List for
Case No. GO-99-155
Revised: December 17, 1999

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