STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
May 18, 2000

CASE NO: GO-99-155

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

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

Michael C. Pendergast
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101

Enclosed find certified copy of an ORDER in the above-numbered case(s).

Sincerely,

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 18th day of May, 2000.

In the Matter of the Adequacy of Laclede Gas Company's Service Line Replacement Program and Leak Survey Procedures.	)))	**Case No. GO-99-155**

ORDER APPROVING STIPULATION AND AGREEMENT

On October 14, 1998, the Staff of the Missouri Public Service Commission (Staff) filed a motion to open a case for the purpose of receiving information concerning the adequacy of Laclede Gas Company's (Laclede) entire copper service line replacement program and the effectiveness of the company's leak surveys and investigations. This motion indicates that Laclede is a gas corporation as defined in Section 386.020(18), RSMo Supp. 1999, and is a public utility subject to the Commission's jurisdiction pursuant to Section 386.020(42), RSMo Supp. 1999. Laclede is also subject to the Commission's safety jurisdiction under Section 386.310, RSMo Supp. 1999. According to Staff's motion, Laclede provides natural gas service in St. Louis, St. Charles, Franklin, Jefferson, St. Francois, Ste. Genevieve, Iron, Madison, and Butler Counties in Missouri.

Staff's motion indicated that two gas incidents occurred in March 1998 involving Laclede gas service. An explosion and ensuing fire involving natural gas occurred at 401 Pralle Lane in St. Charles,

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Missouri, on March 17, 1998. Another explosion and ensuing fire involving natural gas occurred at 732 Bergerac Drive in Creve Coeur, Missouri, on March 13, 1998. On April 14, 1998, the Commission opened Cases GS-98-422 and GS-98-423 to receive information related to the 401 Pralle Lane and 732 Bergerac Drive natural gas incidents, respectively. In each of these cases, Staff filed incident investigation reports indicating that a more thorough and complete examination and analysis of Laclede's copper service line replacement program and leak surveys and investigations was required, and recommending that a case be opened for that purpose. Subsequently, the Commission opened Case No. GO-99-155 as a general investigatory case to receive information relevant to the adequacy of Laclede's copper service line program and the effectiveness of Laclede's leak survey procedures.

On February 18, 2000, Laclede, the Staff, and the Office of the Public Counsel (Public Counsel) filed a Unanimous Stipulation and Agreement. This agreement indicates that Laclede and Staff have met on numerous occasions to review the various actions which had been undertaken by Laclede to enhance its program for monitoring and replacing direct-buried copper service lines and to discuss Staff and company proposals for further action in these areas. A prehearing conference was held on November 30, 1999. As a result of the investigation and subsequent discussions, the parties agreed to a resolution of all of the issues in this case. The parties request that the Commission approve the Unanimous Stipulation and Agreement following the filing of the Staff's memorandum.

On March 10, 2000, the Commission issued an Order Suspending Procedural Schedule and Directing Response. The Commission's order notes that although the Stipulation and Agreement states that the Staff shall submit a memorandum and/or testimony explaining its rationale for entering into the stipulation, it does not specify when the Staff shall provide such filing. The Commission directed Staff to file such memorandum and/or testimony no later than April 10, 2000.

The Staff filed its recommendation and memorandum in support of the Unanimous Stipulation and Agreement on April 10, 2000. The memorandum details both the intent of the stipulation and Staff's rationale for entering into the agreement. In summary, Staff notes that the voluntary and stipulated actions Laclede has committed to will work toward providing a better and safer system for Laclede and the public, and Staff recommends the Commission's approval of the Stipulation and Agreement.

The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. P.S.C., 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the agreement.

The Commission has reviewed the Unanimous Stipulation and Agreement, Staff's recommendation and memorandum in support of the Unanimous Stipulation and Agreement, and the official case file, and finds the Unanimous Stipulation and Agreement is reasonable and in the

public interest. Therefore, the Commission will approve the Unanimous Stipulation and Agreement.

IT IS THEREFORE ORDERED:

1. That the Unanimous Stipulation and Agreement filed on February 18, 2000, by Laclede Gas Company, the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel, is hereby approved as a resolution of all issues in this case (*see* Attachment A).

2. That the procedural schedule, which was suspended on March 10, 2000, is now canceled.

3. That this order shall become effective on May 31, 2000.

4. That this case may be closed on June 1, 2000.

BY THE COMMISSION

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, and Drainer, CC., concur
Murray and Schemenauer, CC., absent

Ruth, Regulatory Law Judge

FILED[3]
FEB 1 8 2000
Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW Laclede Gas Company ("Laclede" or "Company"), the Staff of the Missouri Public Service Commission ("Staff"), and the Office of the Public Counsel ("Public Counsel") and represent to the Missouri Public Service Commission ("Commission") that they have reached a Unanimous Stipulation and Agreement (hereinafter "Stipulation") in the above-captioned case. For their Stipulation, the parties state as follows:

1. On October 13, 1998, Staff filed two Gas Incident Reports involving Laclede. These were related to natural gas incidents which occurred at 401 Pralle Lane in St. Charles, Missouri (Case No. GS-98-422) and 732 Bergerac Drive in Creve Coeur, Missouri (Case No. GS-98-423). Both reports addressed similar situations and contained similar observations and recommendations.

2. On October 30, 1998, the Commission opened Case No. GO-99-155 as a general investigatory case at the request of the Staff to receive information relevant to the adequacy of Laclede's copper service line program and the effectiveness of Laclede's leak survey procedures.

3. In the months subsequent to October 30, 1998, Laclede and Staff met on numerous occasions to review the various actions which had been undertaken by the

Company to enhance its program for monitoring and replacing direct-buried copper service lines and to discuss Staff and Company proposals for further action in these areas.

4. On April 30, 1999, the Staff filed an official case file memorandum updating the Commission on the status of Staff's investigation in Case No. GO-99-155.

5. On August 31, 1999, the Staff filed its Report Pertaining to an Investigation into Laclede's Leak Survey Procedures and Copper Service Line Replacement Program (Staff's Memorandum and Proposals).

6. On October 6, 1999, Laclede filed a response to the Staff's Memorandum and Proposals in which the Company outlined the initiatives it has taken and those it proposes to initiate as a result of the Staff's Memorandum and Proposals.

7. A prehearing conference was held on November 30, 1999. As a result of the investigation and subsequent discussions, the undersigned parties have agreed to a resolution of all of the issues in this case, and hereby stipulate and agree as follows:

a) For purposes of conducting the copper service line renewal and relay program recommended herein[1], Laclede shall confirm, by no later than March 1, 2000, the actual total number of direct-buried copper service lines that, as of that date, have not already had the portion of the service line in the right-of-way under the street and within twelve feet of the service tap relayed since 1991. The estimated number of such services is approximately 77,000.

[1] As used herein, the term "renewal" refers to a main to meter replacement of a service line and the term "relay" refers to the replacement of a specific segment of a service line.

b) Commencing on the effective date of the Commission Order approving this Stipulation, Laclede shall immediately begin relaying those direct-buried copper services identified in subparagraph (a) above.[2] Long side service lines shall be relayed, at a minimum, from the tee connection to a point approximately twelve feet beyond the street pavement edge. Short side service lines shall be relayed, at a minimum, from the tee connection to a point twelve feet beyond the street pavement edge or tee, whichever is greater. In those limited instances where conditions in the customer's yard would make it impractical, excessively disruptive or costly to meet the minimum twelve foot requirement specified herein, Laclede may install a shorter relay subject to proper documentation of the circumstances necessitating such an action and provided that such action does not compromise the basic objective of eliminating that portion of the copper service line within the area of corrosion.

c) Laclede shall renew any direct-buried copper service lines found leaking at the riser and the tee during the bar-hole survey, as well as any direct-buried copper service lines found leaking at the riser as a result of the 90 psi air test conducted subsequent to the installation of a copper service relay.

d) The relays and/or renewals described in subparagraphs (b) and (c) above shall be performed at a rate of 8,000 service lines for each annual period commencing on March 1, 2000, and on each March 1st thereafter, unless, or until such time as, a new rate of renewals and/or relays is approved by the Commission. For purposes of satisfying this annual requirement during the first program year, Laclede will receive credit for all relays and renewals completed in accordance with subparagraphs (b)

[2] The Parties would note that Laclede has already voluntarily begun conducting relays and renewals consistent with the terms set forth in this Stipulation.

and (c) above after January 1, 2000. Priority will be given to all existing leaking direct-buried copper service lines. Blanket relays will be prioritized based on the bar-hole survey results and any other factors that the Parties may mutually deem to be appropriate.

e) Commencing in March 2000, and continuing for an additional two years thereafter, Laclede shall conduct bar-hole surveys, to be completed by July 1st of each year, incorporating a bar-hole at the riser, service tee connection and at the street pavement edge opposite the tee connection on all long-sided services for all direct-buried copper service lines, unless a superior method is identified. The bar-hole survey results and any other factors that the Parties may mutually deem to be appropriate will be used by the Company and the Gas Safety Staff to review and prioritize future efforts. In addition, during all Service and Installation Department calls to any premises with direct-buried copper service lines, a bar-hole will be made at the riser, the tee, and at the street pavement edge or curb opposite the tee connection for long-sided service lines. Nothing in this subparagraph shall preclude Laclede from conducting an SSI survey in lieu of a bar-hole survey on those direct-buried copper service lines that have been relayed since January 1, 2000, provided that all direct-buried copper service lines, including those that have been relayed, shall be surveyed at least annually.

f) Commencing on the effective date of the Commission Order approving this Stipulation, all direct-buried copper service lines in Pressure Region 1 that are identified as having Class 3 leaks during the annual bar-hole survey shall be relayed or renewed within six months of identification or prior to the end of that calendar year, whichever occurs first. All direct-buried copper service lines within Pressure Region 2

that are identified as having Class 3 leaks during the annual bar-hole survey shall be relayed or renewed within one year of identification.[3]

g) Commencing on the effective date of the Commission Order approving this Stipulation, all direct-buried copper service lines with Class 3 leaks reported and identified outside of the annual bar-hole survey shall be relayed or renewed within twelve months of discovery. Any direct-buried copper service lines found leaking at both the riser and the tee will be renewed. Priority will be given to any such leaks existing in Pressure Region 1.

h) After the third year of this program, Laclede and the Gas Safety Staff will review the progress and results of the Company's Copper Service Safety Program to determine future relay/renewal plans, including the rate of such future actions, potential modifications to survey techniques and other related matters.

i) In order to better allocate the Company's resources to the safety related measures recommended herein, the parties recommend that Laclede be granted a modification to its waiver of compliance in Case No. GO-93-343 from the requirements of 4 CSR-240.40-030 (15) (C) relating to the renewal of low-pressure, unprotected steel service and yard lines, commencing with the effective date of the Commission Order approving this Stipulation. Pursuant to this modified waiver, Laclede's renewal of these low-pressure, unprotected steel service and yard lines throughout the duration of its copper service line renewal and relay program shall be limited to those low-pressure, unprotected steel service and yard lines that are either subject to routine renewal in conjunction with the Company's cast iron and unprotected steel main replacement

[3] As of January 25, 2000, Pressure Region 1 contained 23,832 direct-buried copper service lines that can operate above 35 psig. As of that same date, Pressure Region 2 contained 57,881 direct-buried copper

program or identified as leaking, provided that all such service and yard lines shall be renewed by 2020. Staff has reviewed Laclede's records and other information to determine that such a modification is appropriate. A verified explanation by Laclede witness Dr. Patrick A. Seamands advising the Commission of why such a modified waiver will not compromise gas safety is included in Attachment 1 to this Stipulation. By this reference, Attachment 1 is incorporated herein for all purposes.

j) Laclede agrees to continue to develop a method for identifying active corrosion on direct-buried copper service lines through data gathering and engineering analysis. This information as well as other relevant data shall be used by the Parties in recommending to the Commission the rate at which service lines will be renewed or relayed and the priority of which service lines should be renewed and/or relayed.

k) Laclede agrees to submit annual status reports to the Commission detailing the direct-buried copper service line renewals and relays completed, and file additional reports confirming the achievement of other milestones under the agreements reached between the Company and Staff. Such annual status reports shall be submitted no later than April 30 of each program year. Laclede, Staff and Public Counsel will cooperate in agreeing on the information to be reported.

l) Laclede agrees to provide the location of the main and the service line connections to service personnel when performing service work, scheduled leak surveys, and investigations of call-in leak reports. Laclede implemented this action in January 1999. In addition, Laclede agrees to continue to place the words "Annual

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service lines that operate below 35 psig.

Copper" on SSI forms for all direct-buried copper service lines, when SSI Surveys are performed.

m) Laclede has purchased and agrees to provide cellular telephones or other equivalent mobile communication equipment to its personnel who conduct leak investigations and leak surveys.

n) Nothing in this Stipulation shall be construed as modifying the terms of any copper service line related practice or procedure previously agreed upon by the Parties, except as expressly provided for herein.

o) Implementation of the terms of this Stipulation fully satisfies and supersedes the terms of the Ringer Road settlement approved by the Commission in Case No. GS-90-326. This Stipulation also supersedes the Unanimous Partial Stipulation and Agreement which was filed by Laclede, the Staff and the Office of the Public Counsel on January 3, 2000.

8. The Staff agreed to make filings in Case Nos. GS-98-422 and GS-98-423 no later than February 15, 2000, stating that Laclede has adequately addressed the recommendations contained in the incident reports, and recommending that the Commission close the cases. On February 15, 2000, Staff filed its recommendations to close these cases, as agreed. The Staff further agrees to work with Laclede to produce an appropriate pleading in Case No. GC-99-151 indicating that Laclede has adequately addressed the issues that caused Staff to file the complaint, and to pursue prompt resolution of that case.

9. This Stipulation represents a negotiated settlement for the purpose of disposing of all of the identified issues in this case. None of the Parties to the Stipulation

shall have been deemed to have approved or acquiesced in any ratemaking, procedural or legal principle, an method of cost determination or cost allocation, or any service or payment standard, and none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation in any other proceeding, except as otherwise expressly specified herein.

10. Staff shall submit to the Commission a memorandum and/or testimony explaining its rationale for entering into this Stipulation. Each Party of record shall be served with a copy of any such memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all Parties. All memoranda submitted by the Parties shall be considered privileged in the same manner as are settlement discussions under the Commission's rules; shall be maintained on a confidential basis by all Parties; and shall not become a part of the record of this proceeding or bind or prejudice the Party submitting such memorandum in any future proceeding or in this proceeding, whether or not the Commission approves this Stipulation. The contents of any memorandum provided by any Party are is own and are not acquiesced in or otherwise adopted by the other signatories to this Stipulation, whether or not the Commission approves and adopts this Stipulation.

11. The Staff shall have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the Commission, whatever oral explanation the Commission requests; provided that the Staff shall, to the extent reasonably practicable, promptly provided other Parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is

requested from the Staff. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order in this case.

12. The agreements contained in this Stipulation have resulted from extensive negotiations among the Parties and are interdependent. In the event the Commission does not approve or adopt the provisions of this Stipulation in total, then this Stipulation shall be void and no signatory shall be bound by any agreements or provisions hereof.

13. To assist the Commission in its review and consideration of this Stipulation, the Parties also request that the Commission advise them of any additional information that the Commission may desire from the Parties relating to the matters addressed in this Stipulation, including any procedures for furnishing such information to the Commission.

WHEREFORE, the signatories hereto respectfully request that the Commission approve this Unanimous Stipulation and Agreement as expeditiously as possible following the filing of the Staff's Memorandum.

Respectfully submitted,

Michael C. Pendergast #31763
Assistant Vice President
Associate General Counsel
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ATTACHMENT 1

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Adequacy of Laclede Gas Company's Service Line Replacement Program and Leak Survey Procedures.	)))	Case No. GO-99-155

VERIFIED EXPLANATION OF DR. PATRICK A. SEAMANDS

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Patrick A. Seamands, of lawful age, being first duly sworn, deposes and states:

1. My name is Patrick A. Seamands and my business address is 3950 Forest Park, St. Louis, Missouri 63108. Since September of 1999, I have been employed as Chief Engineer of Laclede Gas Company ("Laclede" or "Company"). In that position, I am responsible for ensuring that the Company's pipeline safety program complies with all applicable federal and state pipeline safety regulations.

2. Prior to assuming my current position, I held a variety of engineering related positions, including responsibility for various aspects of the pipeline safety programs of other gas utilities. I graduated from Louisiana Tech University in 1971 with a BS Degree in Chemical Engineering. I received my Masters Degree in Chemical Engineering and MBA from Louisiana Tech University in 1978 and 1980, respectively. I also received a doctorate in engineering from Louisiana Tech University in 1993. I am also a professional engineer registered in Louisiana and California.

3. Pursuant to subparagraph 7(i) of the Unanimous Stipulation and Agreement filed on this date by the Company, the Commission Staff and the Office of the Public Counsel, the parties have recommended that Laclede be granted a modification of its waiver of compliance in Case No. GO-93-343 from the requirements of 4 CSR-240.40-030(15)(C) relating to the renewal of low-pressure unprotected steel service and yard lines commencing with the effective date of the Commission Order approving that Stipulation and Agreement. Under the modified waiver, Laclede's renewal of these low-pressure, unprotected steel service and yard lines throughout the duration of its direct-buried copper service line renewal and relay program shall be limited to those service and yard lines that are either subject to routine renewal in conjunction with the Company's cast iron and unprotected steel main replacement program or identified as leaking. All

such low-pressure, unprotected steel service and yard lines shall be renewed by the year 2020.

4. This recommended modification of the waiver, that was previously granted to the Company, will promote rather than compromise gas safety. As shown by the attached August 20, 1993 Commission Order Approving Request for Waiver of Compliance in Case No. GO-93-343, a waiver from the requirement to renew such service and yard lines pursuant to the renewal rates specified in 4 CSR 240-40.030(15)(C) is appropriate and consistent with gas safety in that such service and yard lines:

(a) operate at extremely low pressures and are buried at depths which permit a degree of free ventilation to the atmosphere – factors that substantially reduce the likelihood that a leak will threaten public safety;

(b) were installed by the Company (in the case of service lines) and have been consistently maintained by the Company for years in accordance with accepted industry practices (in the case of both service and yard lines) – factors that distinguish such lines from the type of customer-owned service and yard lines that were involved in the natural gas incidents involving other operators that gave rise to the current replacement requirement in the Commission's pipeline safety rules;

(c) have exhibited a declining frequency of leaks as demonstrated by Laclede's records; and

(d) have been, and will continue to be, subject to a comprehensive monitoring program under which such service and yard lines are surveyed on an annual basis in order to detect leaks at the earliest possible opportunity and to facilitate the prompt renewal of such lines.

5. Since Laclede was granted its initial waiver in 1993, the Company's records demonstrate that these factors continue to warrant a reduced replacement rate for its low-pressure unprotected steel service and yard lines. Specifically, Laclede's records demonstrate that such lines continue to exhibit all of the characteristics described above and continue to be monitored under the extensive leak survey procedures mandated by the Commission's pipeline safety rules. Most notably, the Company's records show that consistent with Laclede's experience prior to 1993, no incidents have occurred during the past seven years involving such service and yard lines.

6. In view of these considerations, modifying the Company's obligation to renew these service and yard lines in the manner proposed by the parties will actively promote public safety by permitting the Company to devote additional resources to the renewal and relay of its direct-buried copper service lines pursuant to the Copper Service Renewal and Relay Program proposed by the parties in the Stipulation and Agreement. In effect, such an approach will permit the Company to shift at least some resources from

the renewal of service and yard lines that, because of their characteristics, pose no threat to public safety to the more expedited renewal and relay of service lines that have been involved in several incidents. In my opinion, such an approach will clearly promote rather than compromise public safety. This is particularly true given the fact that the Company will: (a) continue to survey its unprotected steel service and yard lines in accordance with all existing requirements; (b) continue to renew all leaking low-pressure unprotected steel service and yard lines in accordance with the Commission's pipeline safety requirements; and (c) renew all such lines in their entirety by the year 2020.

7. I hereby swear and affirm that the information presented herein is true and correct to the best of my knowledge and belief.

Patrick A. Seamands

Subscribed and sworn to before me this 16th day of February, 2000.

Adele M. Follmer

ADELE M. FOLLMER
Notary Public — Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: June 11, 2000

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY

August 20, 1993

CASE NO: GO-93-343

Richard W. French, Assistant General Counsel, Laclede Gas Company,
720 Olive Street, St. Louis, MO 63101

Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,

David L. Rauch

David L. Rauch
Executive Secretary

Uncertified Copy:

Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102
J. Gerald Hofer, Vice President-Operations, Laclede Gas Company, 3950 Forest Park Blvd., St. Louis, MO 63108

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held at its office in Jefferson City on the 20th day of August, 1993.

In the matter of the Verified Request of Laclede Gas Company for a Waiver of Compliance with a portion of 4 CSR 240-40.030(15)(3).	))))	Case No. GO-93-343

ORDER APPROVING REQUEST FOR WAIVER OF COMPLIANCE

On June 21, 1993, Laclede Gas Company (LGC), pursuant to 4 CSR 240-40.030(16), filed a request for a waiver from the Commission's gas pipeline safety regulations, specifically 4 CSR 240-40.030(15)(c). 4 CSR 240-40.030(15)(c) requires that natural gas system operators must replace, at a minimum, ten percent of their unprotected steel service lines and yard lines annually.

The Commission issued an order on July 16, 1993, requiring appropriate public notice of the proposed waiver and offering the opportunity for intervention by appropriate parties. No requests for intervention were received by the Commission in this case. The Staff of the Commission filed its recommendation in this matter on July 16, 1993, in which it recommended approval of the waiver. As a result, the Commission has determined that no hearing is required or necessary in this case, and a decision in this matter may be made based upon the Application and attached documents and the recommendation of the Staff.

LGC has requested a waiver to exclude from the ten percent replacement requirement those unprotected steel service lines that were installed by LGC itself, as well as those customer-owned and installed unprotected steel yard lines. LGC has requested approval to place the above classes of lines on a 20 year replacement schedule rather than the specified 10 year schedule. LGC stated

in its Application that all of the unprotected steel service and yard lines operate at low pressure and that, therefore, gas safety would not be compromised, and LGC's customers would be relieved of unnecessary and burdensome costs. According to the schedules submitted, LGC, under the proposed 20 year schedule, would be required to replace 1,215 unprotected steel service lines and yard lines annually.

LGC stated that the granting of the proposed waiver would not compromise safety with regard to LGC's company-owned service lines for the following reasons:

1. The company-owned service lines were installed, operated and maintained by LGC in accordance with accepted industry practices, and customer-owned service lines have never been permitted.

2. These service lines operate at low pressure and are typically buried at depths which permit a degree of ventilation to the atmosphere.

3. LGC has and will continue to conduct instrument leak surveys over these low-pressure service lines annually, as required by Commission rules.

4. LGC's records demonstrate a low frequency of leaks on its low pressure company-owned unprotected steel service lines.

LGC stated that, in regard to customer-owned steel yard lines, gas safety will not be compromised for the following reasons:

1. Yard lines typically operate at low pressure and are buried at shallow depths, allowing free ventilation to the atmosphere.

2. LGC will conduct annual leak-detection surveys on these lines in accordance with Commission rules.

3. LGC records indicate a low frequency of leaks on unprotected steel yard lines.

The Staff, in its recommendation, stated that the Commission gas safety rules, which became effective on December 15, 1989, placed stringent operational

and maintenance requirements in regard to service lines, yard lines, and fuel lines. The current regulations require annual leak detection surveys to be conducted with leak detection equipment over unprotected steel service lines and yard lines. The Staff stated that it believed that the increased frequency of surveys, from once every five years to once every year, with sophisticated detection equipment, will detect corrosion leaks on the instant steel lines before leakage creates a hazard.

The Staff pointed out that, of the seven accidents involving natural gas explosions, which occurred during the 1988-89 heating season, three of those involved leaks in customer-owned lines. These three were all on customer-owned, unprotected steel service lines, operated at pressures of 15 to 30 psi. Staff states that, in enacting the current gas safety rules, a major concern of the Commission focused on the fact that high pressure piping to be used as service lines was installed by parties other than the operating company which did not conform to standards, uniform procedures, approved materials, or consistent installation methods. The Staff points out that LGC's system contains no customer-owned service lines.

The Staff continues by stating that the yard lines of the type involved in the instant waiver typically operate at low pressure, that being in the range of one-quarter psi. Staff states that this is substantially lower than those pressures noted by the Commission to be of concern. In addition, any leakage at this pressure would result in relatively small volumes of gas being released. Finally, the Staff states that the sophisticated equipment used to detect leaks should detect such corrosion leaks prior to any hazard developing.

In summary, the Staff believes that company-owned unprotected steel service lines and customer-owned yard lines should be considered for waiver for reason that the lines operate at low pressure, will continue to be monitored, and

will be maintained by LGC. In addition, the requirement will still exist to replace these various lines, but over a longer period of time.

Specifically, the Staff has recommended that LGC be granted the requested waiver as pertains to the replacement of the lines only in the two specifically requested categories, and not to any operations and maintenance requirements. Attached to the Application are suggested replacement schedules over a 20-year period. The Staff states that the schedules are acceptable, and recommends that the annual replacement requirement, as contained in the schedules, apply to the level of replacement for the calendar year 1993.

Finally, the Staff recommends that the Commission require LGC to collect data on the incident of leaks detected on the company-owned unprotected steel service lines and customer-owned unprotected steel yard lines. The compiled data should be submitted to the Staff of the Commission in conjunction with LGC's submission of its annual U.S. Department Of Transportation report.

The Commission finds, after thorough review of the Application, attached documentation, and the recommendation of the Staff, that the requested waiver should be approved. The Commission reaffirms its previous finding made in the original gas safety rulemaking that a strong leak detection program is the most efficient and cost effective method for preventing explosions and fires. The Commission would also restate the finding in that rulemaking procedure that most of the problems experienced in Missouri (in regard to accidents) were caused by improper installation of customer-owned facilities, over which the operating company has no control.

In regard to the present waiver request, and with the above findings in mind, the Commission finds the requested waiver to be reasonable and in the public interest. In addition, the Commission finds that the request for waiver would not compromise the public safety in that LGC will continue with the required leak detection program and will be required to replace 5% of the

unprotected steel service and yard lines annually, that amount being approximately 1200 in number. This is still a substantial replacement program.

In conjunction with the fact that the Commission is not desirous of imposing an undue burden on either the operating company or its ratepayers, the Commission finds that the request for waiver in this case is reasonable and in the public interest, and, therefore, will be granted.

IT IS THEREFORE ORDERED:

1. That Laclede Gas Company's request for a waiver of the provisions of 4 CSR 240-40.030(15)(c) is hereby granted.

2. That the waiver granted in ordered paragraph 1 shall apply exclusively to the level of annual replacement of unprotected steel service and yard lines as prescribed in the Application and attached schedules numbered 1 and 2, as requested, and beginning in the calendar year 1993.

3. That, in accordance with the above-referenced schedules numbered 1 and 2 of the Application, Laclede Gas Company is granted permission to adopt a 20 year schedule for the replacement of unprotected steel service and yard lines. No operations or maintenance requirements are affected by this order.

4. That Laclede Gas Company shall collect data on the incidence of leaks detected on company-owned unprotected steel service and yard lines and customer-owned unprotected steel yard lines and submit said data on an annual basis to the Staff of the Commission in conjunction with Laclede Gas Company's submission of its United States Department of Transportation Annual Report.

5. That this order shall be effective August 31, 1993.

BY THE COMMISSION

David L. Rauch

David L. Rauch
Executive Secretary

(S E A L)

McClure, Perkins and Crumpton, CC., Concur.
Mueller, Chm., and Kincheloe, C., Absent.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 20th day of August, 1993.

David L. Rauch
Executive Secretary

ALJ/Sec'y: Ruth Pope

5-12
Date Circulated

GO-99-155
CASE NO.

Lumpe, Chair

Crumpton, Commissioner
absent

Murray, Commissioner
absent

Schemenauer, Commissioner

Drainer, Vice-Chair

5-30 5-18
Agenda Date

Action taken: 3-0 AS

Must Vote Not Later Than

STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 18th day of May 2000.

Dale Hardy Roberts

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge