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January 3, 2000

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Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

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 **UNANIMOUS PARTIAL STIPULATION AND AGREEMENT**.

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 *by TKS*

Lera L. Shemwell
Assistant General Counsel
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LLS:sw
Enclosure
cc: Counsel of Record

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

FILED²

JAN 03 2000

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. Case No. GO-99-155

UNANIMOUS PARTIAL 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 ("OPC") and represent to the Missouri Public Service Commission ("Commission") that they have reached a unanimous partial stipulation and agreement in the above-captioned case. For their partial stipulation and agreement, 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.

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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 identified a variety of issues which have been resolved, and hereby stipulate and agree as follows:

a. Excluding emergency repairs, Laclede agrees that any replacement of a direct-buried copper service line will be made main-to-meter. Laclede began this policy in the fall of 1998.

b. Laclede agrees to the replacement of all direct-buried copper service lines in Pressure Region 1¹ classified with Class 3 leaks which were found during the 1999 bar-hole survey. Laclede implemented this program on July 23, 1999 and proposes, and has acted, to have these replacements completed by January 1, 2000 as suggested by Staff.

c. Laclede agrees to conduct a bar-hole survey, incorporating a bar-hole over the service tee connection, over all of their direct-buried copper service lines during Spring 2000. Laclede proposes that this survey will be completed by July 1, 2000. Laclede also agrees to replace, by January 1, 2001, all direct-buried copper service lines with Class 3 leaks that are identified as a result of this bar-hole survey that are located in Pressure Region 1.

¹Pressure Region 1 contains approximately 25,500 direct-buried copper service lines that can operate above 35 psig.

d. Laclede agrees to replace all direct-buried copper service lines in Pressure Region 2² with Class 3 leaks that were identified as a result of the Company's 1999 bar-hole survey. Laclede agrees to have these replacements completed by January 1, 2001.

e. Laclede agrees to conduct annual bar-hole surveys over all direct-buried copper service lines, incorporating a bar-hole over the service tee connection, unless a superior method is identified.

f. Laclede agrees to continue to develop a method for identifying active corrosion on direct-buried service lines through data gathering and engineering analysis. This information shall be used by the parties in recommending to the Commission the rate at which services will be replaced and the priority of which services should be replaced.

g. Laclede agrees to submit annual status reports to the Commission detailing the direct-buried copper service line replacements completed, and file additional reports confirming the achievement of other milestones under the agreements reached between the Company and Staff. Laclede, Staff and OPC will cooperate in agreeing on the information to be reported.

h. 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 Copper" on SSI forms for all direct-buried copper service lines.

i. Laclede has purchased and agrees to provide cellular telephones or other mobile communications to its personnel who conduct leak investigations and leak surveys.

8. On December 7, 1999, the parties filed proposed procedural schedules to deal with the remaining issues in the docket.

9. The Staff agrees to make filings in Case Nos. GS-98-422 and GS-98-423, as soon as possible but not 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. The Staff further agrees to work with Laclede to produce an appropriate

² Pressure Region 2 contains approximately 59,600 direct-buried copper service lines that operate below 35 psig.

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.

10. This Unanimous Partial Stipulation and Agreement ("Stipulation") represents a negotiated settlement for the purpose of disposing of certain specific 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, any 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.

11. The Staff may submit to the Commission a memorandum 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 proceedings or in this proceeding, whether or not the Commission approves this Stipulation. The contents of any memorandum provided by any party are its 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.

12. 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 provide 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.

13. 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.

14. 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 request that the Commission approve the instant Unanimous Partial Stipulation And Agreement.

Respectfully submitted,

DANA K. JOYCE
General Counsel

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 3rd day of January, 2000.

Thomas R. Schwanz, Jr.

**Service List for
Case No. GO-99-155
Revised: January 3, 2000**

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