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December 7, 1999

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Re: Case No. GO-99-155

Dear Judge Roberts:

Enclosed for filing please find the original and fourteen copies of a Procedural Schedule Recommendation of Laclede Gas Company.

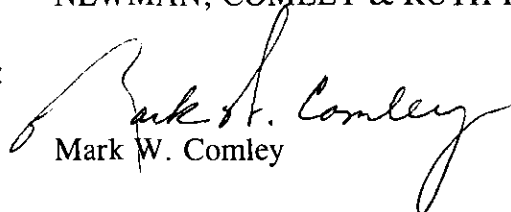
Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

Thank you.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley

MWC:ab

Enclosure

cc: Office of Public Counsel
Michael C. Pendergast

FILED²

DEC 7 1999

Missouri Public
Service Commission

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DEC 7 1999

Missouri Public
Service Commission

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 Procedure.)

Case No. GO-99-155

PROCEDURAL SCHEDULE RECOMMENDATION
OF LACLEDE GAS COMPANY

COMES NOW Laclede Gas Company ("Laclede" or "Company") and for its

Procedural Schedule Recommendation states as follows:

1. By Order dated November 9, 1999, the Commission scheduled a prehearing conference in the above-captioned case for the purpose of providing the parties an opportunity to discuss, define, and possibly resolve the issues presented in this case. The Commission also directed the parties to file a proposed procedural schedule by December 7, 1999 to address any unresolved issues.

2. Pursuant to the Commission's Order, the parties participated in a prehearing conference held on November 30, 1999. As a result of the prehearing conference, the Company and Staff have agreed to prepare and file a Stipulation and Agreement to formally identify and recommend for the Commission's consideration those substantial areas of agreement that have previously been reflected in the parties' recommendations and responses in this case. Among others, these include agreements that Laclede shall:

(a) replace all direct-buried copper service lines with underground leaks on a main-to-meter basis, except in the case of emergency repairs;

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- (b) replace by January 1, 2000, all direct-buried copper service lines in Pressure Region 1¹ with Class 3 leaks that were identified as a result of the Company's 1999 bar hole survey;²
- (c) conduct and complete by July 1, 2000 a second, system-wide bar hole survey of direct-buried copper service lines in lieu of the annual SSI leak survey;
- (d) replace by January 1, 2001, all direct-buried copper service lines in Pressure Region 1 with Class 3 leaks that are identified as a result of the Company's year 2000 bar hole survey;
- (e) replace by January 1, 2001, all direct-buried copper service lines in Pressure Region 2 with Class 3 leaks that were identified as a result of the Company's 1999 bar hole survey;
- (f) complete all currently-defined replacement obligations under the Ringer Road Settlement by March 15, 2001, unless Laclede requests by July 1, 2000 and receives from the Commission a four month extension in the ten year replacement program set forth in the Settlement;
- (g) Conduct an enhanced bar hole leak survey, incorporating a bar hole over the service tee connection, for each direct-buried copper service line surveyed beginning in 2001, unless and until a better survey method is developed;

¹ Laclede's copper service distribution system is comprised of two pressure regions. Pressure Region 1 contains approximately 25,500 direct-buried copper service lines and has an operating pressure that can be set above 35 psig. Pressure Region 2 contains approximately 59,600 direct-buried copper service lines and normally operates at a pressure below 35 psig.

² As Laclede will advise the Commission in greater detail in a subsequent report, this agreed upon undertaking between the Company and the Staff has already been fully completed by the Company.

(h) continue to develop, through data gathering and engineering analysis, a method for defining active corrosion on direct-buried copper service lines and, based upon such information, prioritize the replacement of direct-buried copper service lines;³ and

(i) submit to the Commission annual status reports pertaining to the replacements of direct-buried copper service lines.⁴

3. The parties have also reached agreement on a substantial portion of the procedural schedule required to address any unresolved issues -- most notably the issue of what type of replacement program should be implemented for direct-buried copper service lines on Staff's proposed commencement date of January 1, 2001. To that end, Laclede notes that while it may have been more efficient to have a single hearing in late July of the year 2000, it has no objection to Staff's procedural recommendation that a hearing be held on February 17-18, 2000 or to the specific filing dates proposed by Staff to facilitate that hearing. As the Company has previously indicated, it believes that such a hearing could be helpful in providing the Commission with additional background information concerning: (a) the efforts that have been undertaken to date to address the matters at issue in this case; (b) the specific terms of the Stipulation and Agreement referenced above; and (c) the basis for the parties' current recommendations regarding the Company's direct-buried copper service program. However, Laclede does not believe that a single hearing held in February, 2000 will be sufficient to provide the Commission

³ Laclede has already retained an outside engineering expert to assist in this task.

⁴ In addition to submitting annual reports, the Company also indicated in its October 6, 1999 Response to Staff Memorandum and Proposals, its willingness to file additional reports confirming its completion of other milestones under the agreements reached between the Company and Staff.

with the information required to properly determine what type of replacement program should be implemented, because much of the data to be generated as a result of the agreed-upon undertakings described above will not yet be available.

4. In addition to this initial hearing, Laclede believes that it is absolutely critical to the proper design of any long-term copper service program that the Commission schedule a supplemental hearing as well in late July or early August of 2000. The purpose of this second hearing would be to present the Commission with additional information regarding the results of the second, system-wide bar hole survey which the Company has committed to completing by July 1, 2000, as well as any engineering analyses of these results and other copper-related data that may be performed by Laclede, Staff, and the Company's outside consultants in connection with this case. This information will permit an identical and thorough comparison of how the leak experience on Laclede's direct-buried copper services has changed from 1999 to 2000 -- information that would be very useful in the development of an appropriate copper service line program. As Laclede has explained in prior pleadings in this case, it is essential that the Commission have an opportunity to consider such information beforehand if it is to approve a program that it can be confident will effectively address safety issues and not arbitrarily impose significant and unnecessary costs on the Company's customers.

5. Laclede wishes to emphasize that the scheduling of this second hearing will in no way delay or hinder the Company's ability to begin its direct-buried copper service replacement program on the January 1, 2001 commencement date proposed by Staff, if such action is ordered by the Commission. Based on its recent experience in Case No. GT-99-303, Laclede believes that a hearing in late July or very early August of

2000, together with an expedited briefing schedule similar to the one adopted in Case No. GT-99-303, would permit the Commission to issue a decision by mid-September, 2000.⁵ Such a timeframe would, in turn, provide the Company with sufficient time to obtain whatever additional resources may be required to commence by January 1, 2001 (or as soon thereafter as winter weather conditions may permit), the type of copper service replacement program proposed by Staff, should the parties or the Commission ultimately conclude that implementation of such a program is the appropriate course of action.

6. To ensure that the Staff has adequate time to evaluate the information that will be presented at the late July or early August, 2000 hearing, the Company will provide the Staff with interim and final reports of its survey results and findings on June 1, 2000 and July 3, 2000, respectively. The Company will also agree to provide answers to any reasonable Staff data requests relating to such reports within ten days of their receipt by the Company. With these commitments, Laclede believes that both the Company and the Staff should be in a position to file supplemental testimony addressing the meaning and significance of this additional information by no later than July 24, 2000.

7. Given the fact that the approach recommended herein will in no way delay the implementation of any copper service program that might ultimately be approved by the Commission, Laclede does not believe there is any valid reason for depriving the Commission of the opportunity to review and evaluate information that can only be helpful in designing the best possible program. Indeed, Laclede cannot perceive any

⁵ The hearing in Case No. GT-99-303 concluded on July 27, 1999. Initial and reply briefs were subsequently filed on August 16, 1999 and August 25, 1999. The Commission then issued its Report and Order on September 9, 1999 -- approximately a month and a half after the conclusion of the evidentiary hearing.

purpose whatsoever that would be served by a schedule that arbitrarily precludes the Commission from considering such information. In short, there is nothing to lose and potentially much to be gained on behalf of the Company's customers by adopting the approach recommended by the Company. Laclede accordingly requests that the Commission do so.

WHEREFORE, for the foregoing reasons, Laclede Gas Company respectfully requests that the Commission issue an Order adopting the Staff's proposed procedural schedule, with the addition of a second hearing date in late July or early August, 2000 and a supplemental testimony filing date of July 24, 2000.

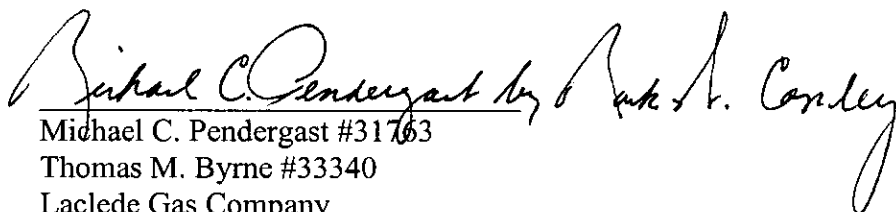
Respectfully submitted,

Michael C. Pendergast #31763
Thomas M. Byrne #33340
Laclede Gas Company
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St. Louis, MO 63101
(314) 342-0532 Phone
(314) 421-1979 Fax

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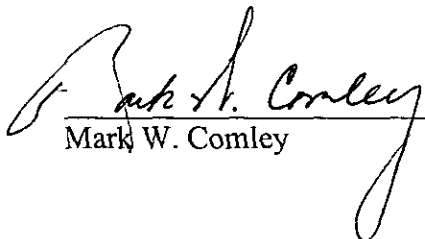
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, to all parties of record, on this 7th day of December, 1999.



Mark W. Comley