

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

The Staff of the Missouri Public	)	
Service Commission,	)	
	)	
Complainant,	)	
	)	
v.	)	Case No. GC-2014-0216
	)	
Laclede Gas Company, et al.,	)	
	)	
Respondents.	)	

**ANSWER TO COMPLAINT**

COMES NOW Panhandle Eastern Pipe Line Company, LP (“Panhandle”), the successor to named Respondent Southern Union Company, on behalf of itself and the former Southern Union Company, and for its Answer to the Complaint filed herein by the Staff of the Missouri Public Service Commission (“Staff”), respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. Panhandle admits that on Tuesday, February 19, 2013, an explosion of natural gas and ensuing fire occurred at or near JJ’s Restaurant, 910 West 48<sup>th</sup> Street, Kansas City, Missouri; that JJ’s Restaurant was damaged in the incident; that one person died as a result of the incident; and that certain persons were injured as a result of the incident. Panhandle further admits that Respondent Laclede Gas Company currently does business as Missouri Gas Energy, and, under that name provides retail natural gas service to the Kansas City area, and that named Respondent Southern Union Company formerly did business under the name Missouri Gas Energy, and, under that name, previously provided retail natural gas service to the Kansas City area, including JJ’s Restaurant. Panhandle denies that Southern Union Company violated the Commission’s gas safety rules.

Panhandle further states that Southern Union Company no longer exists and is not an entity capable of being sued in that name, that “Missouri Gas Energy” is not a legal entity, and that it is neither accurate nor appropriate to combine the two Respondents under the label “MGE.”

2. Panhandle admits that Staff of the Commission purports to be the Complainant as alleged in paragraph 2. Panhandle admits that Commission Rule 4 CSR 240-2.070(1) states that complaint may be filed by “the commission staff through the staff counsel.” However, Panhandle denies that this provides authorization, as Section 386.390, RSMo does not provide for such complaint by the commission staff.

3. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 3.

4. Panhandle admits in part and denies in part that Southern Union Company is a corporation in good standing as alleged in paragraph 4. Panhandle admits that the records of the Missouri Secretary of State reflect that Southern Union Company is a foreign corporation doing business in Missouri. However, Southern Union was merged with and into Panhandle effective January 10, 2014, with Panhandle surviving such merger and Southern Union ceasing to exist as a separate legal entity. Panhandle will be filing appropriate documentation to terminate Southern Union's status as a foreign corporation in Missouri.

5. Panhandle admits that Laclede Gas Company presently provides natural gas at retail for light, heat and power, using gas plant it owns or controls, to a service area encompassing Kansas City, Missouri, under the fictitious name “Missouri Gas Energy” or “MGE” and that Southern Union Company formerly provided such service. Panhandle admits that the service was provided pursuant to certificates of convenience and necessity (CCN) issued

by this Commission and tariffs approved by this Commission. Panhandle admits that Southern Union Company formerly served approximately 501,000 residential, commercial and industrial customers in thirty-four Missouri counties. Panhandle admits that effective July 31, 2013, in Case No. GM-2013-0254, this Commission granted Laclede a CCN and all necessary authority to acquire and thereafter operate Southern Union Company's Missouri franchise, works and system, including the fictitious name "Missouri Gas Energy" or "MGE," and that that transaction closed effective September 1, 2013. Panhandle admits that Laclede thereafter adopted Southern Union Company's tariffs and began to provide retail natural gas service in Southern Union Company's former Missouri service area, using Southern Union Company's former franchise, works and system, employing many of Southern Union Company's former employees, and pursuant to Southern Union Company's former tariffs under the fictitious name "Missouri Gas Energy" or "MGE." Panhandle admits that Southern Union Company, doing business as "Missouri Gas Energy" or "MGE," provided retail gas service to JJ's Restaurant and the vicinity in February of 2013.

6. Panhandle admits that Southern Union Company was formerly a "gas corporation" and "public utility" and formerly subject to the jurisdiction of this Commission. Panhandle denies that Southern Union Company is subject to the jurisdiction of this Commission or to the provisions of the Public Service Commission Law, as alleged in paragraph 6.

7. Paragraph 7 contains allegations as to the contents of specified statutes and administrative rules. Panhandle admits the existence of those specified statutes and rules.

8. With regard to the allegations of paragraph 8, Panhandle admits the accuracy of the cited portion of Section 386.390.1, RSMo.

9. Paragraph 9 contains allegations as to the contents of Section 386.310.1, RSMo. Panhandle admits the existence of Section 386.310.1, RSMo.

10. With regard to the allegations of paragraph 10, Panhandle admits the accuracy of the cited portion of Section 393.140(2), RSMo.

11. Panhandle admits that Heartland Midwest, LLC, is a Kansas Limited Liability Corporation. Panhandle is without sufficient information or belief to admit or deny the remaining allegations of paragraph 11.

12. Panhandle admits that Time Warner Cable Midwest, LLC, is a limited liability company organized and existing under the laws of the State of Delaware. Panhandle is without sufficient information or belief to admit or deny the remaining allegations of paragraph 12.

13. Paragraph 13 contains allegations as to the contents of specified statutes. Panhandle admits the existence of those specified statutes.

14. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 14.

15. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 15.

16. Panhandle admits the allegations of paragraph 16.

17. With regard to the allegations of paragraph 17, Panhandle admits that in February of 2013, Heartland Midwest, LLC, a construction contractor for Time Warner Cable, was performing a horizontal drilling project, in order to install an underground telecommunications cable, in portions of Kansas City, Missouri, then served by Southern Union Company doing business as MGE.

18. Panhandle is without sufficient information or belief to admit or deny the allegations

of paragraph 18.

19. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 19.

20. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 20.

21. Panhandle admits that on February 19, 2013, employees of Heartland, acting in the course and scope of their employment with Heartland and in the performance of Time Warner's business, hit and breached the gas main with a directional boring drill. Panhandle is without sufficient information or belief to admit or deny the remaining allegations of paragraph 21.

22. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 22.

23. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 18.

24. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 24.

25. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 25.

26. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 26.

27. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 27.

28. Panhandle denies that the service technicians took no steps to ensure a sense of

urgency or to ensure that JJ's Restaurant was actually evacuated. Panhandle is without sufficient information or belief to admit or deny the remaining allegations of paragraph 28.

29. Panhandle denies the allegations of paragraph 29.

30. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 30.

31. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 31.

32. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 32.

33. For its response to paragraph 33 of the Complaint, Panhandle incorporates herein by reference paragraphs 1-32 above.

34. With regard to the allegations of paragraph 34, Panhandle admits the accuracy of the cited portions of the Commission's rules.

35. Panhandle admits that Respondent Laclede Gas Company currently does business as Missouri Gas Energy and is an "operator" within the meaning of the Commission's gas safety rules. Panhandle further admits that Southern Union Company formerly did business under the name Missouri Gas Energy and was an "operator" within the meaning of the Commission's gas safety rules, including at the time of the JJ's Restaurant incident. Panhandle denies the remaining allegations of paragraph 35 of the Complaint.

36. With regard to the allegations of paragraph 36, Panhandle admits the accuracy of the cited portions of Commission Rule 4 CSR 240-40.030(12)(J)(1).

37. With regard to the allegations of paragraph 37, Panhandle admits that the former

Southern Union Company, formerly doing business as Missouri Gas Energy, adopted and maintained, including at the time of the JJ's Restaurant incident, an emergency plan as required by the Commission's gas safety standards, which plan is designated "Highly Confidential," pursuant to Commission rule, and that the emergency plan's highest priority is the protection of life.

38. Panhandle is without sufficient information or belief to admit or deny the allegations of paragraph 38.

39. Panhandle denies the allegations of paragraph 39, including all subparts thereof.

40. For its response to paragraph 40 of the Complaint, Panhandle incorporates herein by reference paragraphs 1-39 above.

41. Paragraph 41 contains allegations as to the contents of specified statutes and the Staff's recommendations as to required future conduct. Panhandle admits the existence of those specified statutes. Panhandle further states, however, that it is not subject to the jurisdiction of the Commission and is not operating as a "utility" in the State of Missouri, and that, as such, the recommendations of the Staff contained within paragraph 41 may not be applied to Panhandle and the former Southern Union Company.

42. Panhandle denies all allegations of the Complaint not specifically admitted above.

43. Panhandle further states that the Complaint fails to state a claim or any facts upon which relief may be granted by this Commission as to Panhandle and/or the former Southern Union Company, and Panhandle incorporates herein by reference its Motion to Dismiss and supporting pleadings previously filed in this case.

44. Panhandle and the former Southern Union Company met all of their respective obligations under the law with respect to the subject matter of the Complaint and complied with all

applicable government and industry laws, codes, regulations, and standards.

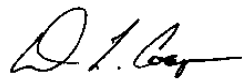
45. At all relevant times, Panhandle and the former Southern Union Company exercised the degree of care required and met all industry standards.

46. The incident and events described in the Complaint and any and all damages allegedly sustained thereby were caused by the intervening and superseding acts or omissions of persons and/or entities other than Panhandle and/or the former Southern Union Company for which Southern Union Company was not, and is not, responsible, and which said acts or omissions Respondent had no reason to anticipate, and the Respondents are entitled to the defense of comparative fault.

47. Panhandle reserves the right to adopt any affirmative defences asserted by any other party to this proceeding and to amend this Answer and/or assert additional affirmative defenses discovered through the course of discovery herein.

WHEREFORE, having fully answered, Panhandle, on behalf of itself and the former Southern Union Company, respectfully requests that the Commission issue its order dismissing the Complaint. Panhandle requests such additional and further relief as is just and proper under the circumstances.

Respectfully submitted,



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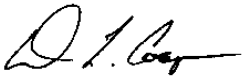
**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic transmission to the following on this 11<sup>th</sup> day of April, 2014.

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