

RECEIVED

MAY 31 1990

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 29th
day of May, 1990.

T-240
Bender

In the matter of the verified request of Laclede)
Gas Company for waivers of compliance with) CASE NO. GO-90-140
certain specified provisions of 4 CSR 240-40.030.)

ORDER APPROVING JOINT RESPONSE AND RECOMMENDATION

On January 5, 1990, Laclede Gas Company ("Laclede") filed with the Commission a verified request for waivers of compliance ("Waiver Request") with certain specified provisions of 4 CSR 240-40.030, the Commission's new gas safety rules ("New Rules"). The Waiver Request also sought stays of enforcement of specified portions of the New Rules. On February 22, 1990, the Commission Staff ("Staff") filed its recommendation ("Recommendation") regarding the Waiver Request including the stays of enforcement sought by Laclede. On March 9, 1990, Laclede filed its Response to the Recommendation of the Staff. On March 21, 1990, the Commission issued its Order Regarding Requests to Stay Enforcement ("Order"), which Order dealt with the requested stays of enforcement, but not the waivers. On March 30, 1990, Laclede filed its Application for Rehearing with respect to such Order.

As a result of discussions between Laclede and Staff held May 1, 1990, Laclede and Staff filed with the Commission on May 9, 1990, a Joint Response and Recommendation to Directions of Commission's Order Issued March 21, 1990 ("Joint Response and Recommendation"), which requested that the Commission issue its order approving certain resolutions and agreements contained in the Joint Response and Recommendation regarding the Waiver Request. Those resolutions and agreements are set forth as follows:

A. Staff and Laclede jointly request that the Commission acknowledge and approve of Staff's suggested resolution of the requested waiver of

4 CSR 240-40.030(9)(I)1. (Isolated Metallic Fittings), specifically that the following course of conduct by Laclede will satisfy compliance.

1. Isolated metallic fittings in plastic pipelines which can be located and which are accessible without excavation (i.e. steel valves with valve boxes) will be monitored in accordance with 4 CSR 240-40.030(9)(I)1.
2. For all other isolated metallic fittings in plastic pipelines, monitoring will be conducted by periodic leak survey in accordance with 4 CSR 240-40.030(13)(M). In addition, Laclede will identify corrosion-related leaks discovered on these fittings and maintain a report/listing of those leaks by type of fitting and location. This report/listing will be evaluated periodically at intervals not to exceed three years to determine if additional remedial action is necessary.
3. Fittings installed since August 12, 1977, which meet the exception in 4 CSR 240-40.030(9)(D)5. are exempt from 1. and 2. above.

Commission acknowledgement and approval of this course of action will negate the need for any further ruling as to the waiver sought by Laclede on section 4 CSR 240-40.030(9)(I)1.

B. Laclede hereby agrees to withdraw its request for stay and waiver from 4 CSR 240-40.030(9)(P) (Atmospheric Corrosion Protection) in view of Staff's interpretation that "pitting" is plural and not the equivalent of surface rust and, therefore, the partial stay of this rule granted in the March 21, 1990, Order may be lifted.

C. The Commission previously granted a stay of enforcement from 4 CSR 240-40.030(9)(V)1. and 2.A. (Map System for Cathodic Protection) in its March 21 Order. Staff has agreed to perform an onsite inspection to determine whether existing records and maps of all of Laclede's operating divisions are sufficient to meet the intent of the subject requirements, such that a waiver would be appropriate. Staff intends to complete this inspection in time for further recommendations to be made to the Commission concerning this Waiver Request so that a Commission order can be issued prior to June 8, 1990. This would allow proper

treatment of expenses associated with this matter to be addressed in Case No. GR-90-120.

D. Staff and Laclede agree that a waiver should be granted from 4 CSR 240-40.030(13)(M) (Leakage Surveys of Customer-owned Fuel Lines) for those provisions specifically related to buried fuel lines, but not yard lines. Staff had previously recommended a stay and a waiver of this provision. The Commission had granted a stay of enforcement of this rule pending the Commission's consideration of the waiver.

As written, the gas safety rule requires Laclede to leak survey all customer-owned fuel lines. By adopting Staff and Laclede's recommendation, the Commission agrees, for the time being, to waive compliance for leak testing commercial, industrial and residential fuel lines. The negotiated agreement between Staff and Laclede includes this provision.

Although the Commission approves the Joint Recommendation, it is deeply concerned about this waiver, especially as it applies to residential fuel lines. The Commission's adoption of the Staff-Laclede agreement in this order by no means indicates an intention to grant broad and general waivers of this provision. In addition, the Commission will expect Staff and the Company to conscientiously endeavor to determine what reasonable protections might be achievable to reduce risks related to residential fuel lines, in lieu of the specific provision waived herein.

Staff is presently conducting its audit of Laclede pursuant to Case No. GR-90-120. To assure proper treatment of the expenses associated with compliance with the rule, both Staff and Laclede need a final decision as to the waiver of the particular provision as soon as is practical. Therefore, the parties request this Commission grant the Waiver Request as to this provision without delay.

E. The Commission previously granted a stay of enforcement as to 4 CSR 240-40.030(13)(V)3., which requires additional valves to be maintained, but denied a stay as to 4 CSR 240-40.030(13)(V)2., which requires partial valve operation during inspection. This ruling was consistent with Staff's recommendations on these items. Laclede and Staff agree that continuing the stay for 4 CSR 240-40.030(13)(V)3. is appropriate pending submission of further evidence to Staff and Staff's evaluation of that evidence. In addition, Laclede has brought forth new information to Staff concerning potential leak risk which may be incurred from the partial operation of particular types of valves which occur most frequently throughout its distribution system. Laclede has convinced Staff that leakage may be a result of partial operation of these valves, presenting a potential safety problem. Staff was previously unaware of this potential concerning these types of valves. Staff and Laclede therefore propose to conduct a sample testing of these valves throughout Laclede's system within the next six months to ascertain the reliability of the valves and other actual effects of partial operation. Pending these test results, Staff and Laclede hereby request the Commission to reconsider its decision denying the stay of enforcement of 4 CSR 240-40.030(13)(V)2. and grant Laclede's request for stay thereof pending a final decision on the waiver.

Laclede and Staff also request that the Commission's order granting stay authorize that the relevant time frames allowed for compliance as contained in the rule will be tolled during the pendency of the stay, or at least until January 1, 1991, so that Laclede will not be penalized by a shortening of its time for compliance should the waiver ultimately be denied.

F. Finally, the Commission denied Laclede's request for stay of enforcement of the provisions of 4 CSR 240-40.030(14)(B)7. (Repeat Leak Investigations) in its March 21, 1990, Order. The Commission also stated in this

Order that it would entertain another request for stay if Laclede produced additional data which showed this provision to have little or no value.

Laclede has continued to acquire data as to the effectiveness of 4 CSR 240-40.030(14)(B)7. and such data, in Laclede's opinion, continues to demonstrate the lack of effectiveness of such provisions. However, Laclede is in the process of evaluating new gas detection equipment and will continue to acquire data which will reflect the use of such new equipment. Laclede and Staff believe it will be more appropriate to analyze the provision's efficiency in the light of that possible new condition. Therefore, Laclede withdraws its present request for waiver from 4 CSR 240-40.030(14)(B)7.

Also, Laclede hereby withdraws its request for stay and waiver from 4 CSR 240-40.030(14)(B)6. relating to additional subsurface testing.

The Commission also finds that the verified facts and data presented by Laclede in this proceeding, together with the meetings between Laclede and Staff, indicate that this application is unique to Laclede and its system, and that this order applies only to Laclede Gas Company's system and gas safety program and operations. It has no application to any other Missouri gas operator, gas transmission or distribution system, or to any future or pending request(s) for stays or waivers under 4 CSR 240-40.030(16).

Based upon the facts presented in the Waiver Request, the Staff's Recommendation, Laclede's Response, Laclede's Application for Rehearing, and the Joint Response and Recommendation filed herein, the Commission finds and concludes that the resolution and agreements presented in the Joint Response and Recommendation, which are set forth specifically herein, regarding waiver of compliance with the New Rules, including stays pending determination as to waiver, will not compromise gas safety. To the extent that any such approval may be at

variance with the Commission's Order of March 21, 1990, to that extent such Order of March 21, 1990, will be modified.

It is, therefore,

ORDERED: 1. That the resolution of the requested waiver of 4 CSR 240-40.030(9)(I)1. regarding isolated metallic fittings, as to the course of conduct by Laclede suggested by Staff as contained in the Joint Response and Recommendation specifically set forth herein, is hereby acknowledged and approved and Laclede's Waiver Request as to 4 CSR 240-40.030(9)(I)1. is hereby deemed withdrawn.

ORDERED: 2. That the requested waiver of 4 CSR 240-40.030(9)(P) regarding atmospheric corrosion protection, which is resolved by the interpretation and agreement contained in the Joint Response and Recommendation specifically set forth herein, which interpretation and agreement are hereby approved, is hereby deemed withdrawn and the partial stay of such rule granted in the March 21, 1990, Order is hereby dissolved.

ORDERED: 3. That the stay of enforcement as to 4 CSR 240-40.030(9)(V)1. and 2.A. regarding map system for cathodic protection granted by the Order of March 21, 1990, is hereby continued in effect pending determination of waiver, and Staff is directed to complete its inspection regarding such Waiver Request and file its recommendation as to the grant of such waiver sufficiently in advance to permit the Commission to act thereon prior to June 8, 1990.

ORDERED: 4. That the requested waiver of 4 CSR 240-40.030(13)(M) regarding leakage surveys of customer-owned fuel lines, for those provisions relating to buried fuel lines, but not yard lines, is hereby granted, and the stay of enforcement pending waiver determination previously granted by the Order of March 21, 1990, is hereby dissolved.

ORDERED: 5. That the stay of enforcement as to 4 CSR 240-40.030(13)(V)3. regarding the maintenance of additional valves, which was granted by the Order of March 21, 1990, is hereby continued in effect pending waiver determination, and the stay of enforcement pending waiver determination as to 4 CSR 240-40.030(13)(V)2. regarding partial valve operation during inspection, which stay was previously denied by the Order of March 21, 1990, upon reconsideration is hereby granted, pending the completion of a sample test of such valves throughout Laclede's system and a final decision on the waiver.

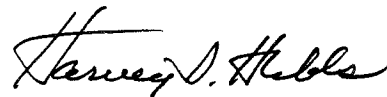
In addition, relevant time frames allowed for compliance by 4 CSR 240-40.030(13)(V) are hereby tolled during the pendency of the stay, or at least until January 1, 1991.

ORDERED: 6. That the request for waiver of 4 CSR 240-40.030(14)(B)7. regarding repeat leak investigations and 4 CSR 240-40.030(14)(B)6. regarding additional subsurface testing, for the reasons contained in the Joint Response and Recommendation specifically set forth herein, are hereby deemed withdrawn.

ORDERED: 7. That this order applies only to Laclede Gas Company's system and gas safety program and operations. It has no application to any other Missouri gas operator, gas transmission or distribution system, or to any future or pending request(s) for stays or waivers under 4 CSR 240-40.030(16).

ORDERED: 8. That this order shall become effective on the 7th day of June, 1990.

BY THE COMMISSION


Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Mueller, Rauch, McClure
and Letsch-Roderique, CC., Concur.