

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 8th
day of November, 1995.

Application to rescind waiver granted to Laclede)
Gas Company from Rule 4 CSR 240-40.030(13) (M)) CASE NO. GO-95-362
due to revision of 4 CSR 240.40.030.)

ORDER APPROVING STIPULATION AND AGREEMENT

On May 29, 1990, in Case No. GO-90-140, the Commission granted Laclede Gas Company (Laclede) a waiver from the provisions of 4 CSR 240-40.030(13) (M). Specifically, the Commission granted Laclede a waiver from the requirement to conduct leakage surveys of customer-owned buried fuel lines.

On May 15, 1995, the Staff of the Commission (Staff) filed a motion requesting the Commission rescind the waiver granted to Laclede. In support of its motion, Staff asserted the waiver was no longer necessary in light of revisions made to 4 CSR 240-40.030(13) (M).

On August 15, 1995, Laclede filed a response to Staff's motion opposing rescission of the waiver on the grounds the waiver is still necessary and appropriate. On August 25, 1995, Staff filed a reply to Laclede's response.

On September 29, 1995, Laclede and Staff filed a Stipulation and Agreement (Attachment A to this Order and incorporated herein by reference) which proposed to settle all issues in this case. No objection to the Stipulation and Agreement (Stipulation) has been filed.

The Stipulation provides that the existing waiver of 4 CSR 240-40.030(13) (M) shall remain in full force and effect through and including December 31, 1995. Beginning January 1, 1996, Laclede will, on an annual

basis, leak survey buried fuel lines for 1/3 of its institutional buildings in the manner prescribed by the rule with the exception that Laclede will not be required to leak survey 11 large complexes listed in the Stipulation until calendar year 1998.

In the interim, Laclede and Staff have agreed to cooperate in an effort to determine whether large complexes such as those listed in the Stipulation should be redefined as large commercial customers subject to the notification requirements of 4 CSR 240-40.030(13)(M) rather than as institutional buildings subject to the leak survey requirements of 4 CSR 240-40.030(13)(M)2.B(III) or subject to such other alternative method for checking leaks as may be developed by the parties. Laclede's leak survey of institutional buried fuel lines will be conducted in conjunction with its existing building survey program.

In addition, the Stipulation provides that Laclede will also leak survey buried fuel lines operating above low pressure at residential, small commercial, and public buildings in the manner prescribed by the rule. Laclede's leak survey of buried fuel lines operating above low pressure will be conducted in conjunction with its existing service line survey.

The Stipulation further provides that Laclede will investigate alternative methods of checking buried fuel lines for possible leaks. Laclede's findings as to such alternative methods and the 1996 results of the leak surveys conducted pursuant to the Stipulation will be provided to Staff prior to April, 1997. Staff and Laclede will then review such information to mutually determine the appropriate course for continuing leak surveys on buried fuel lines.

Should Staff and Laclede determine that an alternative method is the most appropriate procedure for checking for possible leaks, they

have agreed to cooperate in pursuing a waiver authorizing Laclede to implement such alternative method beginning January 1, 1998. If an alternative method is not approved by the Commission by January 1, 1998, Laclede will comply in all respects with 4 CSR 240-40.030(13)(M).

Laclede and Staff have also agreed that Laclede will be permitted to defer and book to Account 186 the additional costs incurred to leak survey buried fuel lines, pursuant to 4 CSR 240-40.030(13)(M). The deferral period will be from January 1, 1996 through the effective date of Laclede's next general rate proceeding which is to be filed no later than October 1, 1997.

The total amount deferred pursuant to the Stipulation may not exceed \$350,000. Such deferral authority will become null and void if Laclede does not seek recovery of such amounts in its next general rate proceeding, and any party will have the right to challenge the recovery of any costs deferred pursuant to the Stipulation.

The Commission has reviewed the pleadings and the Stipulation in this matter. The Stipulation promotes public safety by providing for leak surveys of buried fuel lines while taking into account the financial impact of such surveys on Laclede. Also, the provision for investigating alternative methods of checking for leaks is beneficial for protecting the public interest in the future. Thus, the Commission finds the Stipulation in this case is just and reasonable.

The Commission may approve a stipulation of the issues in a case if it finds that the stipulation is just and reasonable. The Commission has so found and thus finds that the Stipulation in this case should be approved.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement filed in this case (Attachment A) is hereby approved and adopted.

2. That the waiver of 4 CSR 240-40.030(13)(M) granted to Laclede Gas Company in Case No. GO-90-140 is hereby rescinded, with such rescission going into effect as of January 1, 1996, as contemplated by this Order and the Stipulation and Agreement approved in Ordered Paragraph 1.

3. That Laclede Gas Company is hereby authorized to defer and book to Account 186 all additional costs to be incurred by it to leak survey buried fuel lines as contemplated by this Order and the Stipulation and Agreement approved in Ordered Paragraph 1.

4. That this Order shall become effective on November 20, 1995.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

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

Application to rescind waiver granted)	
to Laclede Gas Company from Rule 4)	
CSR 240-40.030(13)(M) due to)	Case No. GO-95-362
revision of 4 CSR 240-40.030)	

STIPULATION AND AGREEMENT

On May 29, 1990, the Commission issued an Order in Case No. GO-90-140 in which it granted Laclede Gas Company ("Laclede" or "Company") a waiver from the provisions of Rule 4 CSR 240-40.030(13)(M) ("Subsection (13)(M)") of the Commission's gas safety rules. More specifically, the Commission granted Laclede a waiver from the requirement that operators leak survey customer-owned buried fuel lines.

On May 15, 1995, the Staff of the Commission ("Staff") filed a motion to establish a docket for the purpose of rescinding the waiver granted to Laclede in Case No. GO-90-140. In support of its motion, Staff asserted, among other things, that the waiver was no longer necessary in light of revisions made to Subsection (13)(M) in Case No. GX-95-94.

On August 15, 1995, Laclede filed a verified response to Staff's motion in which it opposed rescission of the waiver on the grounds that such waiver was still necessary and appropriate. On August 25, 1995, the Staff filed a reply to Laclede's response in which Staff asserted that the waiver granted to Laclede in Case No. GO-90-140 was clearly intended by the Commission to be provisional until Staff and Laclede developed a reasonable alternative to Subsection (13)(M).

FILED

SEP 29 1995

PUBLIC SERVICE COMMISSION

Since Staff filed its reply on August 25, 1995, Laclede and the Staff have held several discussions. As a result of those discussions, Laclede and Staff have reached the following stipulations and agreements which they hereby submit for the Commission's consideration and approval.

1. Beginning January 1, 1996, Laclede shall, on an annual basis, leak survey buried fuel lines for one third of the Company's institutional buildings in the manner prescribed by Subsection (13)(M), provided that Laclede shall not be required to leak survey the buried fuel lines of the very large complexes listed on Exhibit 1 (which exhibit is attached and incorporated herein for all purposes), until calendar year 1998. In the interim period, prior to 1998, Laclede and Staff will cooperate in an effort to determine whether large customer complexes such as those listed in Exhibit 1 should be (a) redefined as large commercial customers subject to the notification requirements of 4 CSR 240-40.030(13)(M)3 rather than as institutional buildings subject to the leak survey requirements of 4 CSR 240-40.030(13)(M)2.B(III); or (b) subject to such other alternative method for checking leaks as may be developed by the parties pursuant to Paragraph 3 of this Stipulation and Agreement. Laclede's leak survey of institutional buried fuel lines pursuant to Paragraph 1 of this Stipulation and Agreement shall be conducted in conjunction with Laclede's existing building survey program.

2. Beginning January 1, 1996, Laclede shall also leak survey buried fuel lines operating above low pressure at residential, small commercial, and public buildings in the manner prescribed by Subsection (13)(M). Laclede's leak survey of buried fuel lines

pursuant to Paragraph 2 of this Stipulation and Agreement shall be conducted in conjunction with Laclede's existing service line survey.

3. Beginning immediately, Laclede shall investigate alternative methods of checking the buried fuel lines specified in Paragraphs 1 and 2 above for possible leaks. These alternative methods may include, but are not limited to, programs such as checking monthly gas bills for excessive usage. Laclede's findings as to these "alternative methods" as well as the 1996 calendar year results of the leak surveys conducted pursuant to this Stipulation and Agreement shall be provided to Staff prior to April 1997. Staff and Laclede shall then review such information to mutually determine the appropriate course of action for continuing leak surveys on buried fuel lines. In the event that Staff and Laclede determine that an alternative method represents the most appropriate procedure for checking for possible leaks, the parties will cooperate in pursuing a waiver or other form of Commission approval authorizing Laclede to implement such alternative method, in place of the current requirements of Subsection (13)(M), beginning January 1, 1998. If the alternative method is not approved by the Commission by January 1, 1998, Laclede will comply in all respects with the requirements of Subsection (13)(M).

4. The undersigned parties agree that Laclede shall be permitted to defer and book to Account 186 the additional costs incurred to leak survey buried fuel lines (other than yard lines) pursuant to Subsection (13)(M). The deferral period will be from January 1, 1996 through the effective date of Laclede's next general rate proceeding which must be filed no later than October 1, 1997. The parties agree that the additional

costs incurred during the deferral period constitute those costs in excess of the costs which would have been incurred had the waiver remained in effect beyond December 31, 1995. The total accumulated amount of costs deferred pursuant to the accounting authorization shall not exceed \$350,000. The undersigned parties further agree: (a) that such authority shall become null and void in the event Laclede does not seek recovery of such amounts in its next general rate proceeding and (b) that any party shall have the right to challenge the recovery of any costs deferred hereby .

5. The existing waiver of Subsection (13)(M) shall remain in full force and effect through and including December 31, 1995.

6. None of the signatories to this Stipulation and Agreement shall be deemed to approve or acquiesce in any ratemaking or procedural principle or any method of cost determination or cost allocation.

7. This Stipulation and Agreement has resulted from detailed and extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not approve and adopt Paragraphs 1 through 6 of this Stipulation and Agreement, then this Stipulation and Agreement shall be void, and no signatory shall be bound by any of the agreements or provisions hereof...

8. In the event the Commission accepts the specific terms of the Stipulation and Agreement, the parties waive their respective rights: (a) to present testimony, to cross-examine witnesses and to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 1986; (b) to the reading of the transcript by the Commission pursuant

to Section 536.080.2 RSMo. 1994 and (c) to judicial review pursuant to Section 386.510 RSMo. 1994.

9. This Stipulation and Agreement represents a negotiated settlement for the sole purpose of disposing of this case, and none of the signatories to this Stipulation and Agreement shall be prejudiced or bound in any manner by the terms of the Stipulation and Agreement in any other proceeding, except as otherwise specified herein.

10. If requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record shall be served with a copy of any 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 and Agreement. 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 and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral

explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the 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 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 issued in this case.

11. No parties of record have intervened in this case. Office of The Public Counsel was served with all pleadings in this case and has had an opportunity to study the Stipulation and Agreement prior to filing.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue an Order:

(i) approving this Stipulation and Agreement, and rescinding, effective January 1, 1996, the waiver previously granted to Laclede in Case No. GO-90-140 subject to the terms of this Stipulation and Agreement; and

(ii) granting Laclede accounting authorization to defer and book to Account 186 all additional costs to be incurred by Laclede to leak survey buried fuel lines, other than yard lines from January 1, 1996 through the effective date of Laclede's next general rate proceeding, provided that (a) this accounting authorization shall not exceed \$350,000 for the entire deferral period; (b) any party shall have the right to challenge the recovery of any costs deferred thereby and (c) the accounting authorization shall become null and void if Laclede does not seek recovery of these amounts in its next general rate proceeding which must be filed no later than October 1, 1997.

Respectfully submitted,

Aisha Ginwalla
Aisha Ginwalla

Assistant General Counsel
Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102
(314) 751-6726

Michael Pendergast by A.G.
Michael C. Pendergast

Assistant General Counsel
Laclede Gas Company
720 Olive Street, Rm. 1530
St. Louis, Missouri 63101
(314) 342-0530

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 29th day of September, 1995.

Aisha Ginwalla

Exhibit 1

St. Louis State Hospital

Forest Park Community College

St. Louis University

Washington University

Florissant Valley Community College

University of Missouri-St. Louis

Lindenwood College

Webster College

Meramec Community College

St. Johns Mercy Hospital

Washington University - Jewish Hospital Complex

Note: This list is subject to revision either through deletion or addition of large customer complexes based on review of additional information. Such revisions will only be made upon submission of the deletions and/or additions to the Commission Staff.

Service List for Case No. GO-95-362

Michael C. Pendergast
Laclede Gas Company
720 Olive Street, Room 1530
St. Louis, MO 63101

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