

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

In the Matter of Laclede Gas Company)
Concerning a Natural Gas Incident at) Case No. GS-2007-0130
Premio Drive in Fenton, Missouri)

**RESPONSE OF LACLEDE GAS COMPANY
TO STAFF GAS INCIDENT REPORT**

Comes Now Laclede Gas Company (hereinafter “Laclede” or “Company”) and submits its response to the Staff Gas Incident Report filed in this case on February 2, 2007. In support thereof, Laclede states as follows:

1. Laclede has reviewed the Gas Incident Report (“Report”) filed by the Staff in this case on February 2, 2007. Laclede appreciates the Staff’s comments regarding the propriety and promptness of the Company’s response to the situation that arose at 1390 Premio Drive when a third party using horizontal boring equipment damaged the Company’s facilities. Since this response satisfies Staff Recommendation No. 5, Laclede will generally limit its comments to Staff Recommendation No. 4, which is the only other Staff Recommendation that applies directly to Laclede. Laclede would note, however, that it agrees with Staff Recommendation No. 6 relating to advising other utilities under its safety jurisdiction of this incident and the need to follow the Commission’s safety requirements applicable to installing underground cable or conduit utilizing horizontal boring equipment.

2. With respect to Staff Recommendation No. 4, Laclede concurs with Staff’s proposal that the Company review its procedures, practices, and number of personnel used for excavation inspections in the vicinity of its natural gas pipelines. Laclede has, in fact, already performed such review. Although Laclede is willing to

discuss with Staff whether there may be limited circumstances in which some additional inspections of boring projects would be useful, Laclede does not believe it would be practical or make for the most efficient use of its damage prevention resources to perform “at least one visit to each horizontal boring project during the course of the project.”

Laclede bases this conclusion on the following considerations:

- First, the incident under consideration in this case casts doubt on whether mandated inspections such as those proposed would be effective in avoiding the kind of damage that occurred in this case. In fact, Staff documented in its Report that Laclede damage prevention personnel actually did make a visit to the boring project in the 1300 block of Premio prior to the incident as a result of a damaged service line on September 6, 2006. At the time of the visit, ADB’s boring practices were reviewed and determined to be adequate. However, this process did not prevent the subsequent incident at 1390 Premio Drive. This highlights the fundamental fact that unless Laclede is on the excavation site at the exact time the boring is being performed, it cannot assess whether the excavator is properly using its boring equipment, especially the devices that are used to identify the exact location of the boring head during directional boring projects. Since the actual boring work on a project can be performed at any time over the two week period of a locate request and it is often difficult to make contact with excavation company personnel who can provide scheduling information, the opportunities for making such an assessment would be limited, assuming that Laclede should even be playing that role.

- Second, in many instances it is difficult, if not impossible, to obtain an accurate assessment of whether boring is actually being done on a project. For example, Laclede's experience has shown that the type of excavating equipment used is inconsistently documented on locate requests and cannot be consistently relied upon in determining the need for inspections. Moreover, 23% of Laclede's third party dig-in damages are from excavators that never call in a locate request. As a result, Staff's recommendation to use locate ticket information to monitor excavation activity would therefore be ineffective in addressing these instances because you cannot monitor something you do not know is taking place.
- Laclede also believes that such blanket inspections would not be consistent with the prevailing philosophy underlying contemporary damage prevention practices. The Common Ground Alliance (CGA) is a national damage prevention organization formed to promote the use of best practices in excavating safely around underground facilities. The CGA was founded to continue the "best practices" identified in the 1999 DOT study entitled "Common Ground" and is based on the philosophy that ensuring the safety of those who work or live in the vicinity of underground facilities and protecting vital services is everyone's responsibility. The best practices promoted by the CGA are universally supported nationwide and the benefits have been well documented. Among the cornerstones of the CGA philosophy have been to foster a sense of shared responsibility and promote the use of best practices and public awareness in safely excavating around underground facilities. Laclede's damage prevention program has embraced the philosophy and incorporated many of the concepts of the "Common

Ground” study and best practices advocated by the CGA. The CGA best practices for trenchless (boring) excavation projects clearly state that the facility owner should locate underground facilities in the area of the entrance pit, along the trenchless excavation path and in the area of the exit pit. However, it is, by necessity, the boring excavation operator who is responsible for understanding the excavation path, confirming and maintaining minimum clearances from underground facilities by tracking and recording the bore head until the excavation is complete. A meeting between the boring equipment excavator and the facility owner is recommended only in the event that existing facilities are known to be present but cannot be potholed due to local conditions. The best practices further state that boring excavation operation should be stopped if an abnormal condition is encountered. Placing the burden of inspecting all ongoing excavation projects on the facility owner is neither practicable nor identified as a best practice.

- Laclede’s damage prevention program utilizes processes that it believes are more efficient and effective than excavation visits. Laclede strongly believes that proactive communication with excavators is key to preventing damages. Laclede offers awareness training, safe excavation tips, cooperation and contact information on how to work with Laclede personnel to prevent future damages. The approach has been working and dig-in damages have been declining. As noted above, 23% of Laclede’s third party dig-in damages are from excavators that never call in a locate request. This compares favorably to state and industry averages of approximately 40%. Excavators are now calling in more locate

requests than ever before. They are contacting Laclede and asking questions if something does not look right whereas in the past they would have begun excavating without fully understanding the location of underground gas facilities in the area of their project. Contractors are also beginning to share in the excavation responsibility. When damages do occur, Laclede's detailed investigation of virtually every damaged facility focuses on gathering the facts surrounding the event in an effort to learn from the event and educate the excavators on what could be done to prevent such an occurrence in the future.

- The Company believes Staff's rationale for recommending visits to each boring project is to make contact and foster communications with contractors about recommended boring practices. The Company believes its current practices already convey these messages to contractors in a more efficient, consistent and effective manner through systematic mailings and training workshops coordinated by its Engineering and Damage Prevention departments. As a result, most site visits would not add to the level of safety and would unnecessarily increase costs to the Company and, ultimately, its customers.
- Finally, if Laclede were required to ensure that a visit be conducted on each boring project regardless of the size of the project or the level of the criticality of the particular Company facilities in the area, resources may be pulled away from other non-boring excavation related activities near transmission lines or other more critical facilities thereby exposing the Company's transmission lines to an increased risk of damage. This would be a particularly poor redirection of resources given the fact that the number of excavation damages resulting from

boring equipment in 2006 represented less than 4% of the total number of damages. Based on this small number, the resources necessary to make an attempt to inspect these projects would result in very little benefit because of the limited success expected in being able to make contacts while the boring project is occurring and would take resources away from other areas where safety benefits can be better realized.

3. In summary, Laclede believes that its continued review of all information received related to planned projects should be the primary focus of determining the need for field visits. Laclede believes that it is well suited to prioritize the need for these visits in accordance with, and based on, the factors listed in Section (12)(I)4 of the Missouri Pipeline Safety Regulations. Laclede therefore opposes any requirement to visit projects based solely on any one of these factors, in this case the type of equipment being used.

Respectfully submitted,

/s/ Michael C. Pendergast

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