NEWMAN, COMLEY & RUTH

PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS AT LAW
MONROE BLUFF EXECUTIVE CENTER
601 MONROE STREET, SUITE 301
P.O. BOX 537
JEFFERSON CITY, MISSOURI 65102-0537

TELEPHONE: (573) 634-2266
FACSIMILE: (573) 636-3306

ROBERT K. ANGSTEAD
MARK W. COMLEY
CATHLEEN A. MARTIN
STEPHEN G. NEWMAN
JOHN A. RUTH
D. GREGORY STONEBARGER

August 16, 2000

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. GS-2000-525

Dear Judge Roberts:

Enclosed for filing please find the original and eight copies of a Response to Staff Recommendations.

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
Mark W. Comley

MWC:ab
Enclosure
cc: Bruce Bates, General Counsel's Office
Doug Micheel, Office of Public Counsel
Michael C. Pendergast

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company, Regarding an Incident at 1904 Birchwood Drive, Barnhart, Missouri, on February 7, 2000	)))	Case No. GS-2000-525

RESPONSE TO STAFF RECOMMENDATIONS

COMES NOW Laclede Gas Company ("Laclede" or "Company"), pursuant to the Commission's June 17, 2000 Order Directing Response in the above-captioned case, and submits its Response to the Staff Recommendations contained in the Gas Incident Report filed by Staff on June 11, 2000. In support thereof, Laclede states as follows:

I. Introduction

On June 11, 2000, the Staff filed its Gas Incident Report detailing various recommendations developed by Staff in connection with an incident which occurred on February 7, 2000 at 1904 Birchwood Drive, in Barnhart, Missouri (hereinafter "Staff's Incident Report"). A Laclede employee, Mr. Kenneth Ferguson, lost his life as a result of injuries received during the incident when the home located at that address exploded. At the time of the explosion, Mr. Ferguson and a number of other Laclede employees were working to squeeze off the flow of gas in a 4-inch plastic main that had been ruptured by a contractor installing telecommunications facilities for Southwestern Bell Telephone Company.

The rupture to Laclede's facilities occurred when the contractor, A-B Contracting, Inc., pierced the four-inch plastic main with a boring drill that was being used to install the telecommunications facilities. The contractor hit and damaged the facilities even though the exact location of the facilities had been correctly marked.

Although the Staff notes in its Incident Report that the contractor's failure to vigilantly monitor and plot the drill bit progress, and the resulting damage to Laclede's facilities, was the probable cause of the incident, it nevertheless makes a number of recommendations regarding actions that it believes Laclede should take in the future.

Laclede will address Staff's recommendations in the same order that they are presented in Staff's Incident Report. Before doing so, however, Laclede would note its disagreement with a critical aspect of Staff's characterization of what happened at the Barnhart site on the date of the incident. In particular, Staff's Incident Report does not indicate or address the fact that after the aluminum venting pipe was installed by Laclede personnel over the damaged facilities, the "gas-in-air" readings being obtained at and around the Birchwood site by Laclede leak survey crews began to decline. Indeed, prior to the explosion, the gas concentration readings being taken by the Company had fallen noticeably as a result of the venting operation, with substantially reduced concentrations of gas detected along the main west of 1904 Birchwood Drive and no gas at all detected at the adjoining home at 1900 Birchwood Drive. The concentration of gas in the sump pump at 1904 Birchwood Drive, and in front of the house at that location, had also declined.

It should be noted that this critical information was only communicated to Staff in a cursory manner immediately before it filed its Complaint. That was due, in part, to the fact that Staff never asked the Laclede personnel, who were at the Barnhart site, why they took the actions they did on the day of the incident and because Laclede did not fully recognize the significance of this information until it received Staff's Complaint. Whatever the reason, however, such considerations profoundly affect the validity of Staff's recommendations. Specifically, such information shows that the Laclede

personnel on the scene had good reason to believe that the course of action they had chosen to address the situation confronted at the scene – a course of action that had been successfully used to address hundreds, if not thousands, of similar incidents – was having its desired effect. It also casts substantial doubt on whether a number of the recommendations made by Staff, some of which carry their own added risks, are anything more than after-the-fact speculations on what could have been done differently if only the tragic outcome of the incident had been known in advance.

II. Response to Staff Recommendations

Staff Recommendation No. 1

The Staff recommends that Laclede require its contract locator to notify them when they are aware that horizontal drilling is occurring near their underground natural gas facilities. This would allow Laclede advance notice to determine if on-site inspections of these types of installations are needed. The locator was not aware that horizontal drilling was being used in this instance.

Laclede's Response:

Laclede receives information from a variety of sources regarding planned drilling activities, most notably the Missouri One-Call Center and those entities that routinely work on larger projects. Based on this information, the Company makes an effort to make on-site inspections where the nature and magnitude of the work being performed poses a significant risk to the Company's facilities or the public. Unfortunately, the quality of the one-call notifications given by contractors as to the type of excavation work they will be doing is relatively poor. Laclede is willing to work with both the Staff and Missouri One-Call in an effort to improve the quality of such notifications. It is unrealistic, however, to expect that contract locators will be able to add materially to the quality or quantity of the information received by the Company regarding the type of excavation work being performed on a particular job. The locator is rarely on the site at

the same time as the contractor who will be performing the work. And it is often impossible to determine, without the contractor present, whether drilling, trenching or some other excavation technique will be used. Indeed, even the contractor will often not know whether horizontal drilling will be used until the day the contractor shows up on the job site and assesses what type of installation needs to be made given the topography and other characteristics of the site.

In view of these considerations, Laclede does not believe it is reasonable, or appropriate, to rely on contract locators to provide such information. Moreover, as discussed below, Laclede believes that in the vast majority of cases, such information would be of relatively little value because it is simply not feasible for Laclede or any other utility to be on site on the tens of thousands of occasions each year when horizontal drilling is used. Nevertheless, if the Commission concludes that excavators should be providing better information regarding their planned drilling activities, Laclede recommends that the Staff propose, and the Commission adopt, a statewide rule requiring that all entities subject to the Commission's safety jurisdiction provide (or ensure that the contractors excavating on their behalf provide) specific notification to the one-call center detailing the exact type of excavation work that they intend to perform. Laclede believes that the Commission's adoption of such a uniform, across-the-board requirement pursuant to its statutory authority under §386.310 RSMo. would be far more effective in accomplishing Staff's recommendation than the measure proposed by Staff in its Incident Report.

Staff Recommendation No. 2

The Staff recommends that Laclede contact the contractor to determine the type of excavation equipment that will be used when the excavation notification indicates "unknown" for the excavation device, such as was the case in this incident.

Laclede's Response:

Each year Laclede receives more than 5,000 excavation notices from the one-call center that indicate "unknown" for the excavation device. While Laclede will continue to contact contractors where a notice indicates that an excavation may pose a significant risk to the Company facilities, it would be difficult, if not impossible, to contact each excavator that uses such a designation. In numerous instances, such contractors do not have any employees who will receive and respond to such information requests on any predictable or routine basis. Moreover, when the contractor does have office employees, they are often completely unfamiliar with the type of excavation activity that is to be performed by the contractor on any particular site. In addition, even in those limited circumstances where someone with actual knowledge of the contractor's planned activities answers the phone, they frequently do not know what type of excavation technique is going to be used until the day they arrive on the site to begin excavation. Indeed, that is one of the main reasons that contractors use the designation "unknown" on their notification forms.

Furthermore, since it would not be practical to visit each site where horizontal drilling is used, the expenditure of resources required to undertake such an activity would be largely wasted and simply detract from the Company's ability to perform more constructive safety and service-related activities. Laclede would, therefore, recommend that Staff's suggestion be rejected. Nevertheless, should the Commission conclude that contractors should be providing better information regarding their planned excavation activities, Laclede recommends that the Staff and the Commission pursue the statewide rule discussed in Laclede's response to Staff's previous recommendation.

Staff Recommendation No. 3

The Staff recommends that Laclede review and revise as necessary its procedures for inspecting construction activities in the vicinity of its natural gas pipelines to increase their effectiveness. Especially, to determine closer monitoring of contractors is required when Laclede is aware of "trenchless technology" (trenchless technology is a relatively new term that describes the installation of conduits beneath roadways without open-cutting) used near natural gas facilities, when such activities are known.

Laclede's Response:

As previously noted, Laclede has had a practice for many years of devoting significant resources to prioritized inspections of ongoing construction activity where, because of the nature and magnitude of the project being undertaken, the risk of damage to Company facilities is significant. Greater emphasis in these inspections will be placed on monitoring horizontal drilling activity.

However, if Staff is suggesting that the Company should inspect each and every site where some form of horizontal drilling is being used, then there is simply no practical way for the Company to comply with such a recommendation. Given the sheer volume of jobs where such excavation techniques are being used (nearly 50,000 per year), the Company estimates that it would need to devote an additional 100,000 manhours per year (an amount that is roughly equivalent to 50 full time employees) to any effort to monitor each job site where such techniques are being used. This would translate into millions of dollars in additional costs each year. And it is almost certain that such costs would continue to increase as the demand for fiber-based connections continues to rise at a rapid pace.

Moreover, even with this huge expenditure of resources, it is certain that no matter how hard the Company tried, it would be unsuccessful in its efforts to monitor many installations. As previously discussed, it is extremely difficult to contact many

contractors in advance to determine what kind of excavation techniques they intend to use or exactly when or where they intend to excavate so that an inspection could be scheduled. In addition, many do not know what techniques they will use until they arrive on the scene to begin the installation. Under such circumstances, even if the Company could convince contractors to call in advance of the actual work being performed, it is highly unlikely that all, or even a significant portion, of such contractors would wait around until the Company could dispatch someone to monitor their activities. And the Company has absolutely no power to require that they wait or, if they do, to require that they perform their activities in a certain way.

That is not to suggest that additional monitoring of such activity would not be helpful. And Laclede believes that such additional monitoring could be accomplished in large measure by simply enforcing the Commission's existing rules. As previously noted, a significant amount of the horizontal drilling activity in Laclede's service area is being done today on behalf of telecommunications companies (and to a lesser extent electric companies) that are subject to the Commission's safety jurisdiction. The Commission already has detailed rules on the books that are specifically designed to ensure that these activities are undertaken in a safe manner. For example, the Commission has rules directly pertaining to the engineering and maintenance of telecommunications facilities (See 4 CSR 240-32.060). These rules specifically require that the "[t]renching and plowing of cable shall be performed in such a way as to prevent unnecessary damage to private and public property." (4 CSR 240-32.060(15)(C)). They also require that telecommunications companies comply fully with the one-call statute whenever work is performed that endangers other companies' buried utility facilities. (4 CSR 240-32.060(15)(E)).

In addition, the Commission has adopted another rule, 4 CSR 240-18.010, that also establishes specific safety standards to govern the installation of underground facilities by electric and telephone utilities and rural electric cooperatives. 4 CSR 240-18.010 specifically adopts, and applies to these entities, the provisions of the *American National Standard, National Electrical Safety Code ("NESC").* In terms of installing underground cable facilities, such as those involved in the Barnhart incident, the *NESC* explicitly requires that the "[l]ocation of structures in the path of the projected cable route shall, as far as practical, be determined prior to trenching, plowing, or boring operations." (*See* Section 35, Subsection 351.A.4). Section 352 of the *NESC* also contains numerous provisions governing how such cable facilities must be installed when they cross above or below other underground structures such as gas, sewer, water, fuel, steam or other supply or communications lines. These include requirements for at least 12 inches of separation between the direct-buried cable and other underground structures and the use of suitable supports to ensure that the cable will not transfer or receive a harmful load to or from the underground structure. (*See* Sections 352.A and B).

Laclede is reasonably certain that if all of these existing rules had been complied with by the contractor installing telecommunications facilities at the Barnhart site, the incident would have never occurred. Accordingly, to the extent additional monitoring and inspections would be helpful in making certain that contractors do, in fact, observe such rules, Laclede would strongly recommend that the Staff look to those companies that are specifically charged with and subject to those rules. Specifically, Laclede recommends that the Staff begin enforcing these regulations by advising such companies that they have a duty, whether they install the facilities themselves or have a contractor do it, to provide whatever amount of supervision, monitoring or inspections that may be

necessary to ensure such work is done in a manner that, consistent with these regulations, will prevent harm and damage to other underground facilities. After all, it is these entities, not Laclede, that are subject to these rules. Moreover, in contrast to Laclede, these entities actually have an employment or contractual relationship with the excavators performing the work. As a consequence, unlike Laclede, they can actually require that such excavators conduct their activities in the manner required to comply with the Commission's regulations. Since they ultimately determine where and when such excavators will work, such entities are also in a far better position than Laclede to coordinate any supervision, monitoring and inspections that may be required. In short, if the objective is to look for an effective way to enhance the safe use of horizontal drilling technology, the first place to start is with enforcement of the Commission's existing regulations on this subject.

Staff Recommendation No. 4

The Staff recommends that Laclede alert contractors utilizing horizontal drilling equipment that any natural gas facilities intersecting the drill path should be excavated and exposed prior to drilling. The Staff recommends that Laclede continue to encourage excavators to use this guideline.

Laclede's Response:

Laclede agrees that contractors should be alerted, whenever possible, of the need to expose (preferably through hand digging) any natural gas facilities that have been marked before they use horizontal drilling equipment that may intersect those facilities. In fact, through its damage prevention program, which includes active participation in the One-Call program, the Company is constantly seeking new ways to identify such contractors and new, more effective, means of communicating this message. However,

while Laclede can alert, cajole, encourage, and remind third-party contractors to take such action, it does not have the legal authority required to compel their compliance.

Laclede's lack of legal authority leads right back to the need to enforce the Commission's existing regulations relating to the installation of buried cable and conduit. Once again, the Staff's recommendation can be furthered far more effectively and far more directly by requiring that the entities subject to such regulations alert and *require* their own employees and contractors to follow such practices when installing or repairing underground facilities. Unlike Laclede, these entities have both the authority and the means to compel such action and they should be directed to do so consistent with the Commission's existing regulations. Laclede would accordingly recommend that the Staff take steps to pursue such an approach at the earliest possible time.

Laclede would also recommend that the Staff support Laclede's efforts to pass legislation that would require that such practices be followed by persons who may be beyond the Commission's influence because they do not qualify as, or work for, entities that are subject to the Commission's safety jurisdiction. Laclede pursued such legislation in the last session of the General Assembly and would welcome Staff's support for its effort this year.

Staff Recommendation No. 5

The Staff recommends that Laclede review and revise as necessary its procedures and employee training for responding to, and taking appropriate actions upon natural gas leaks that are beyond routine action. Specifically, the early recognition of the hazards associated with the magnitude and extent of migration of escaping natural gas and the immediate actions to be undertaken to protect life and property. The circumstances of this incident should be incorporated into this training.

Laclede's Response:

Laclede agrees that the circumstances of this incident should be incorporated into its training. Laclede believes that its employees can benefit whenever they are made aware of the specific circumstances surrounding a particular incident. Laclede will also continue to evaluate its procedures and employee training and continue to make any revisions that may be necessary and appropriate to enhance its response to non-routine natural gas leaks.

Staff Recommendation No. 6

> The Staff recommends that Laclede review and revise as necessary its procedures and employee training for identifying the various actions that should be taken when a hazardous situation is identified. This should include, but not be limited to, fully venting the natural gas to a safe area, installation of a temporary clamp over the leak, utilization of squeeze off equipment to isolate the leak, reduction of pressure, elimination of ignition sources, and closing valves to isolate the area including the leak. Emphasis should be placed on using the best method and/or methods in the specific situation encountered that safely vents or terminates the release of natural gas in a prompt, effective manner. The instruction should include the use of proper safety equipment if working where gas is present and the dangers of working in close proximity to potentially hazardous locations when sources of ignition have not been eliminated. The Staff recommends that Laclede include provisions in their emergency response procedures that, where possible, require emergency response efforts to be conducted at a safe distance from a potentially hazardous site. The Staff believes the procedures and training should be explicit enough, and should detail a sequence of actions to be taken, that they would allow field personnel to take the actions necessary to promptly avert safety hazards and to protect life and property. The circumstances of this incident should be incorporated into the training.

Laclede Response:

As previously noted, Laclede agrees that the circumstances of this incident should be incorporated into its training. Laclede will also continue to evaluate its procedures and employee training and will continue to make any revisions that may be necessary and appropriate to enhance its response to hazardous situations. Laclede strongly disagrees, however, with the laundry list of recommendations and suggestions that the Staff

proposes be incorporated into such training. In effect, such recommendations give the impression that Laclede's existing procedures and training may be inadequate. They also suggest that it is possible to establish some kind of operational blueprint or pre-arranged sequence of procedures that can be used in responding to any "non-routine" gas emergency. Both of these impressions are wrong.

As to the first point, it should be noted that the Staff itself "does not dispute Laclede's emergency procedures" as evidenced by its statement at page 39 of its Incident Report. And well it shouldn't. For over the years, Laclede's employees have compiled an outstanding record of responding to emergencies while operating under the very practices that were observed at the Barnhart site. Moreover, they have done so despite the huge increase in underground excavation activity that has occurred over the past several years as a result of the tremendous growth in demand for fiber optic cable installations and other underground facilities. Even though this substantial increase in excavation activities has been matched by a correspondingly steep increase in the number of facility locates performed by the Company each year, such activities have still had a significant impact on Laclede's operations. For example, in the past three years alone, Laclede's facilities have been hit by third parties at an average rate of approximately 30 times per week, an amount that translates into nearly 5,000 hits over the past three years. Despite this development, however, the Company's employees have consistently managed, with the one exception of the Barnhart incident, to avoid any serious injury to themselves and the public by following the same practices that were observed at the Barnhart site.

A central element of this success has been to recognize that while employees can and should be trained to recognize natural gas emergencies, and to know the various

measures that are available for addressing them, it is simply not possible to prescribe a set approach or sequence of procedures that can be applied in each and every case. Indeed, the circumstances, environment, weather conditions, and other factors can vary so greatly and change so rapidly from incident to incident, that any effort to do so is likely to create as many, or more, problems than it resolves. That is precisely why experienced supervisors and employees in the field are given the training and the discretion, within general parameters, to determine which measures are appropriate given the particular circumstances prevailing at a specific site.

The need to provide such flexibility and to avoid codifying any single set of procedures to be used in such situations is also reflected in the Commission's Rules as well as standard industry practice. As discussed at length in Laclede's Answer to Staff's Complaint regarding this incident, the very rule that the Commission has adopted to govern how gas operators must respond to emergency leaks does not mention any specific procedure that must be used by the responding personnel. In fact, the only procedure it mentions at all is the venting procedure that was, in fact, employed by Laclede's workers on the day of the incident. (*See* 4 CSR 240-40.030(14)(C)1).

Nor does the Staff claim that such procedures exist. To the contrary, at page 39 of its Incident Report, the Staff specifically recognizes that they do not. As the Staff states:

> *Although there are no set gas industry standards, procedures, or sequence of actions to deal with the specifics of a gas pipeline emergency, such as, with blowing gas or when high concentrations of gas are detected next to a building,* the National Fire Protection Association (NFPA) has published a manual entitled "HANDLING PIPELINE TRANSPORTATION EMERGENCIES". This manual was written for the U.S. Department of Transportation (U.S. D.O.T.) to be used as a guideline for handling pipeline emergency situations and to assist persons with various emergency service responsibilities. The manual suggests certain steps to control pipeline emergencies. These steps are, but not limited to:

1. Determine that a pipeline emergency has occurred;
2. Make a decision on isolation of damaged pipeline section;
3. Elimination of ignition sources; and
4. Venting (where gas is migrating underground, vent through earth cover or pavement).

(*emphasis supplied*).

If there was a way to develop "a one size fits all" set of emergency procedures, it would have been done by now. Instead, all we have – and for good reason – are a few commonly agreed upon steps, such as the ones that were employed by Laclede at the Barnhart site, that can guide, but not definitively determine, how experienced personnel approach emergencies in the field.

The danger of attempting to do more, as Staff has in this case, is reflected in the added risks and inherent inconsistencies associated with its various recommendations. For example, the Staff suggests in its Recommendation that rather than venting a ruptured main while it is partially covered with dirt, as was done at the Barnhart site, Laclede's employees should be instructed to "fully" vent the main by completely exposing it. The Staff then suggests that employees can be instructed to place a clamp on the main to prevent any further leakage of gas. There is nothing, of course, in either 4 CSR 240-40.030(14)(C)1 or in the provisions of the NFPA manual cited by Staff in its Incident Report that requires or even suggests that a blowing gas leak should be fully exposed, vented and then clamped. To the contrary, 4 CSR 240-40.030(14)(C)1 identifies venting and only venting as a corrective action and then specifies that such venting may be done "at or *near* the leak" – a description that clearly contemplates the type of venting that was performed by Laclede. Likewise, the provisions of NFPA manual cited by Staff make no

mention of clamping and, unlike Staff's recommendation, specifically state that venting should be done "through earth cover" where gas is migrating underground.

There are good reasons why neither the Commission's rules nor the provisions of the NFPA manual cited by Staff require full venting or clamping. As Staff should be aware from its investigations of previous incidents, as well as Laclede's own procedures, gas blowing out of a damaged plastic main can build up a tremendous amount of static electricity. Under such circumstances, any contact with the plastic main close to the area of blowing gas (i.e., while digging or removing those last few inches of dirt off the plastic main) can cause an ignition and resulting fire or explosion. Unfortunately, these lessons have been learned from harsh experience, as evidenced by the fact that over the past 25 years, Laclede employees have been injured on at least four separate occasions by flash fires caused when digging tools came into contact with static electricity in a blowing gas situation. Although the Company's procedures have been modified over the years to adopt measures that will reduce the risks of such a fire, the risk is still very real. And that is precisely why the Company's employees try to avoid any direct contact with a plastic main in the area where gas is blowing and will only attempt a full venting or clamping as an absolute last resort. In view of these considerations, Staff's recommendation that employees should be instructed to fully vent and clamp damaged plastic pipe when gas is blowing is a proposal that creates more, rather than less, risk for Laclede's employees and customers. Laclede is not about to tell its supervisors in the field that they should require their employees to routinely engage in such risky activity when the supervisor concludes that such action is not advisable.

After having just recommended that Laclede should require its employees to work directly over a blowing gas leak and dig all the way down to the damaged main, the Staff

next suggests that Laclede's employees should be trained to work further away from a location where gas is blowing for purposes of making their "squeeze off" excavations. Aside from being inconsistent with Staff's earlier recommendation, the suggestion that Laclede's employees should be trained to excavate at more remote locations fails to recognize that such a decision could compromise the Company's ability to monitor and maintain its venting operations. As previously discussed, at the time the squeeze off excavations were underway at the Barnhart site, the venting being performed by Company personnel was beginning to produce results, as "gas in air" readings began to decline throughout the area. Under such circumstances, moving employees to a location significantly further away from the venting pipe could significantly impair the efforts of employees at the location to monitor the venting pipe and make sure it continues to facilitate the release of gas into the air.

The recommendation that Laclede's employees should be trained to commence their squeeze off excavations at a more distant location (and even use heavy mechanical digging equipment to do the excavations faster (*see* page 39 of Staff's Incident Report)) is also highly questionable because of the other risks it would create. Once again, the Barnhart situation is a case in point. As Staff should know, the more remote areas at the Barnhart site were not marked to show the location of underground facilities. Under such circumstances, digging around these remote areas (particularly with heavy mechanical equipment) would have risked yet another rupture of electric, water, or other utility facilities – a result that could have exposed Laclede's employees to immediate injury or further compromised their ability to control the site and repair the Company's damaged facilities. Indeed, given the Staff's other findings regarding the carelessness that led to the initial piercing of Laclede's facilities by the contractor, Staff's recommendation that

Laclede blindly excavate around facilities that have not been marked is very difficult to understand.

In view of these considerations, Laclede does not believe it should be required to revise its procedures and training so as to "detail a sequence of actions" that should be taken in responding to an emergency. As demonstrated by Staff's own recommendations, any effort to impose such a blueprint on Laclede's existing procedures is likely to create more safety problems than it solves.

Staff Recommendation No. 7

The Staff recommends Laclede review and revise as necessary its policies regarding the use of isolation valves and temporarily interrupting gas service to customers when safety of life and property are present.

Laclede's Response:

Laclede has reviewed its policies regarding the use of isolation valves and temporarily interrupting gas service to customers when safety of life and property are present and does not believe that any revisions to those policies are warranted at this time. In the past, Laclede has interrupted gas service through the use of isolation values when such action was warranted and will do so in the future. Moreover, Laclede strongly disagrees with the apparent rationale for this recommendation, namely Staff's conclusion that Laclede's employees should have reduced the pressure in the area of the Barnhart site, or simply cut off service altogether to more than 850 customers. As discussed in its Answer to Staff's Complaint, Laclede believes that this is perhaps the most extreme example of Staff attempting to second guess the reasonableness of the actions taken by Laclede's employees on the day of the incident. As previously noted, the venting operations that were begun by the Company's employees very soon after they arrived seemed to be having their desired effect. "Gas in air" readings were dropping and it

appeared that any migration of gas had substantially lessened, if not completely stopped. Under such circumstances, the suggestion that Laclede's employees should have simply thrown more than 850 customers out of service is completely uncalled for. This is particularly true where the chosen course of action seemed to be working and there was work yet to be done to bring it to a conclusion.

Staff Recommendation No. 8

The Staff recommends that Laclede be directed to file a response regarding each of the recommendations contained in this Case within 30 days of the filing of this report.

Laclede's Response:

Laclede has complied with this recommendation with the filing of this Response.

Staff Recommendation No. 9

The Staff recommends that the Office of the General Counsel cause a complaint to be filed with the Commission regarding the violation noted in this Gas Incident Report.

Laclede's Response:

Laclede strongly disagrees with this recommendation for the reasons set forth in its Answer and Motion to Dismiss Staff's Complaint. Laclede would, however, urge the Commission to instruct its General Counsel to begin enforcing those existing regulations of the Commission governing the installation of underground facilities. As previously discussed herein, adherence to those rules would, in all likelihood, have prevented the Barnhart incident from occurring. In the interests of its employees and its customers, Laclede accordingly requests that the Commission take immediate steps to enforce these rules.

WHEREFORE, for the foregoing reasons, Laclede respectfully requests that any Order issued by the Commission in this case reflect the considerations set forth herein.

Respectfully Submitted,

Michael C. Pendergast #31763
Assistant Vice President and
Associate General Counsel
Ellen L. Theroff #40956
Assistant General Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
(314) 342-0530 Phone
(314) 421-1979 Fax

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, or hand delivered, to Bruce Bates, General Counsel's Office, Public Service Commission, P.O. Box 360, Jefferson City, MO 65102; and Doug Micheel, Office of Public Counsel, P.O. Box 7800, Jefferson City, MO 65102, on this 16th day of August, 2000.

Mark W. Comley