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December 6, 2000

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Jefferson City, MO 65102

FILED²

DEC 6 2000

Missouri Public
Service Commission

RE: Case No. GS-2000-525 AND GC-2001-19

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Bruce H. Bates
Associate General Counsel
(573) 751-7434
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BHB/lb
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
DEC 6 2000
Missouri Public
Service Commission

In the Matter of Laclede Gas Company)
Regarding an Incident at 1904 Birchwood)
Drive, Barnhart, Missouri, on February 7,)
2000)
The Staff of the Missouri Public Service)
Commission,)
Complainant,)
v.)
Laclede Gas Company,)
Respondent.)

Case No. GS-2000-525

Case No. GC-2001-19

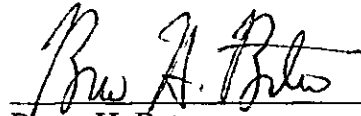
STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its
Recommendation states:

In the attached *Memorandum*, which is labeled *Appendix A*, the Staff respectfully
recommends that the Missouri Public Service Commission issue an order approving the
Unanimous Stipulation and Agreement filed in this case on November 2, 2000, for the reasons
set out therein.

Respectfully submitted,

DANA K. JOYCE
General Counsel

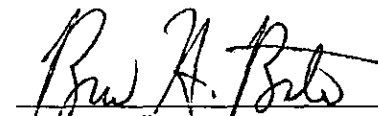


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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel or parties of record as shown on the attached service list this 6th day of December 2000.



Bruce H. Bates

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case Nos. GS-2000-525 and GC-2001-19, Laclede Gas Company

FROM: Rick Fennel, ^{RF} Gas Department - Gas Safety

Robert K. Blonberg 12/5/2000 Thomas R. Schwarz Jr. 12/14/00
Project Coordinator/Date General Counsel's Office/Date

SUBJECT: Staff Recommendations and Suggestions in Support of **UNANIMOUS
STIPULATION AND AGREEMENT**

DATE: December 5, 2000

BACKGROUND

On July 11, 2000, the Staff of the Missouri Public Service Commission (Staff) filed a *Gas Incident Report* (Report) in Case No. GS-2000-525. The Report detailed the Staff's investigation of a natural gas explosion and fire that occurred February 7, 2000, at 1904 Birchwood Drive in Barnhart, Missouri and contained eight recommendations to the Company. The explosion occurred after a 4-inch diameter polyethylene natural gas main had been damaged by a third party and natural gas escaped from the damaged main, into the structure at 1904 Birchwood Drive and was ignited. A Laclede Gas Company (Laclede or Company) employee lost his life from injuries received as a result the explosion. The structure at 1904 Birchwood Drive was destroyed, and numerous other structures were damaged, some beyond repair. In the course of their investigation, Staff determined that Laclede had violated certain Commission pipeline safety regulations and therefore, at the same time the *Report* was filed, a *Complaint* was also filed against Laclede. The *Complaint* (Case No. GC-2001-19) contains one

count. Staff alleges that Laclede violated Commission rule 4 CSR 240-40.030(14)(C), which states, in part, that "Class 1 leaks ... shall require immediate corrective actions which shall provide for public safety and protect property."

On August 16, 2000, Laclede filed its *Answer and Motion to Dismiss, and Response to Staff Recommendations* (Answer).

On August 23, 2000, the Staff filed a *Motion for Extension of Time* to be allowed until September 7, 2000 to file its response to Laclede's *Answer*. On August 28, 2000, the Staff filed its *First Revised Motion for Extension of Time* until September 7, 2000, to respond to Laclede's *Answer*, and on August 29, 2000, the Commission issued an *Order Granting Extension of Time* until September 7, 2000 for Staff's response to Laclede's *Answer*. On September 7, 2000, the Staff filed its *Response to Laclede's Answer and Motion to Dismiss*. On September 13, 2000, the Regulatory Law Judge issued an *Order Consolidating Case Nos. GS-2000-525 and GC-2001-19* with GS-2000-525 being the lead case. On September 15, 2000, Laclede filed its *Reply of Laclede to Staff's Response*. On September 19, 2000, the Commission issued an *Order Establishing Prehearing Conference and Order Directing Filing of Procedural Schedule*. On September 29, 2000, the Commission issued an *Order Denying Laclede's Motion to Dismiss*.

On October 18, 2000, a prehearing was held among the Staff, Laclede, and Office of the Public Counsel (OPC). Subsequently, a *Unanimous Stipulation and Agreement* was negotiated and signed by Laclede, Staff, and OPC to settle the *Complaint* and to satisfy the eight recommendations contained in the *Report*. The Staff believes the Company has adequately addressed all of the Staff's recommendations contained in the *Report* and the concerns contained in the *Complaint*.

SUGGESTIONS IN SUPPORT OF UNANIMOUS STIPULATION AND AGREEMENT

Staff suggests the following in support of the *Unanimous Stipulation and Agreement*.

First, Laclede has revised their procedures for responding to emergencies beyond routine leak investigations. These revisions reflect those measures Laclede has undertaken to further enhance the safe, effective and timely correction of emergency situations in which the concentration of natural gas in a structure cannot be determined, or the concentration of gas in or around a structure is determined to be beyond safe limits and initial efforts to reduce or mitigate the migration of gas have not been successful. Specific revisions include:

(a) an increased reliance on local fire and police department personnel to assist in the prompt effective termination of ignition sources within such structures;

(b) the establishment, as permitted by local fire and police department personnel, of "safety areas" designated to keep customers, employees and the general public at a safe distance from such structures; and

(c) as appropriate, other prompt corrective actions, including the closing of valves, the use of mechanical digging equipment to assist with excavations for the full venting and the clamping of ruptured facilities.

Staff believes, that the procedural revisions Laclede has implemented will effectively allow personnel on the site of a similar pipeline emergency to take the necessary additional actions in an expedited manner so that the area will be made safe much faster.

Specifically:

(a) utilizing fire and police departments to assist in the termination of other utilities,

such as electric and telephone, will allow Laclede personnel to concentrate their efforts on actions to make the area safe, and at the same time will allow for a more expeditious termination of the utilities that could cause an ignition of accumulated natural gas within a structure;

(b) providing a "safety area" a safe distance from a structure that contains accumulated natural gas will allow personnel to perform safety activity out of harms way. This will avoid the hindrance of having to abandon safety actions and start over again at a safer distance, as Staff believes was the case in the incident. If accumulated natural gas in a structure ignited, then personnel on-site would be at a safe distance and not exposed to further injury;

(c) more reliance and timely utilization of valves to terminate the flow of escaping natural gas from a pipeline will enhance Laclede's actions to more quickly make the area safe when natural gas is migrating at a rapid rate underground;

(d) promptly providing and using mechanical digging equipment to assist in making excavations will provide for the bell holes needed to use squeeze-off equipment, fully vent the natural gas, and clamping of ruptured facilities to be made much faster, thus making the affected area safe in a more timely manner;

(e) fully venting all of the escaping natural gas to the atmosphere will help eliminate any underground lateral migration of the gas, preventing additional natural gas from entering nearby structures; and,

(f) the use of a leak clamp over the damaged area of a "live" natural gas line, using the proper safety precautions, could terminate the flow of escaping natural gas more expeditiously if other corrective measures have not been productive.

Second, Laclede has agreed to augment their distribution, coordination and utilization of mobile communications equipment among and between the Company's leak response and construction crews and dispatching operations to further enhance the prompt availability and acquisition of mechanical digging equipment in situations where such equipment may be useful in performing emergency related excavations. Staff believes that the increased use of mobile communication equipment and the strategic placement of mechanical digging equipment throughout Laclede's operating area will greatly improve the availability of powered digging equipment at incident sites to more quickly make the necessary excavations to assist with fully venting escaping natural gas, installing squeeze-off tools to terminate the flow of gas, and installing clamps over the damage to the pipe.

Third, Laclede will incorporate into its employee training program, and continue to emphasize during subsequent training sessions, the emergency procedure revisions and other measures designed to prevent or reduce third-party damage to their facilities and enhance their response to situations where such damage has resulted in the escape and migration of natural gas. Staff believes that it is imperative that Laclede personnel attend training to fully understand the revisions made to the procedures for responding to and taking the appropriate actions in an expeditious manner that will protect life and property. In conjunction with the additional training Laclede will implement to fully acquaint employees with the procedural revisions, the Staff will make every effort to periodically attend these training sessions to evaluate their thoroughness and effectiveness in conveying the importance of timely implementing the actions to make the area safe.

Fourth, Laclede will continue to cooperate with the Staff and OPC to promote efforts aimed at preventing third-party damage to underground gas and other utility facilities, particularly damage caused by horizontal boring and other excavation techniques that pose the greatest danger to public safety. These efforts include the continuation of a program to enhance the scope and effectiveness of Laclede's damage prevention program, including:

(a) an increased emphasis on identifying excavators who chronically damage pipeline facilities;

(b) utilizing facility locating or other personnel, where feasible and appropriate, to identify and monitor instances where horizontal boring may be used, especially around critical facilities; and,

(c) supporting Missouri One-Call efforts to reduce the number of instances where excavators fail to describe what type of excavation equipment they will use during the planned excavation when giving the excavation notification.

As evidence of their commitment to these efforts, Laclede recently created the position of Manager of Damage Prevention to coordinate the third-party damage activities throughout the Company.

Staff believes that these measures, which Laclede has implemented or plans to implement, will help reduce the risk of third-party damage to their pipeline facilities. Laclede proposes to increase its identification and monitoring of excavation activities that involve horizontal boring near pipeline facilities, which will reduce the risk of damage by increasing Laclede's ability to notify the excavator of those facilities and/or to have Laclede

personnel on-site to inspect the boring process. Also, Laclede will support efforts to have excavators specifically indicate the type of excavation equipment they will be using on the excavation to help Laclede's efforts to identify locations where horizontal boring equipment will be used.

In addition to the recommendations contained in the *Report* and the issues contained in the *Complaint*, Laclede has agreed to periodically distribute letters to excavators subject to the Missouri One-Call requirements, as well as utilities subject to the Commission's rules concerning buried cable installations, reminding them of their obligations to comply with such requirements when excavating around underground facilities. Laclede has also agreed to support the enforcement of existing laws and regulations designed to prevent third-party damage to underground facilities and to support legislative initiatives aimed at preventing third-party damage. Laclede has also agreed to sponsor and fund an educational seminar emphasizing the prevention of third-party damage to underground facilities.

Staff believes that the procedural revisions and other measures Laclede has implemented, and will implement, will enhance their ability to respond to future emergencies in a prompt and effective way and will help reduce the number and magnitude of third-party damage to their pipeline facilities.

Therefore, for all the foregoing reasons, Staff believes that the procedures put in place and the additional actions proposed in the *Unanimous Stipulation and Agreement* adequately address the recommendations contained in the *Report* and the relevant issues detailed in the *Complaint*. Staff recommends that the *Unanimous Stipulation and Agreement* be approved.

Service List for
Case No. GS-2000-525/GC-2001-19
Revised: December 6, 2000 (lb)

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