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**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 22nd  
day of January, 1998.

In the Matter of Missouri Gas Energy, )  
a Division of Southern Union Company )  
Regarding an Incident at 8814B Smart ) **Case No. GS-97-494**  
Street, Independence, Missouri on )  
Saturday, April 26, 1997. )

The Staff of the Missouri Public )  
Service Commission, )  
Complainant, ) **Case No. GC-98-113** ✓  
v. )  
Missouri Gas Energy, )  
Respondent. )

**ORDER APPROVING SETTLEMENT AGREEMENT,  
SATISFACTION OF COMPLAINT AND ORDER CLOSING CASES**

On September 10, 1997, the Staff of the Missouri Public Service Commission (Staff) filed a gas incident report (the incident report) in Case No. GS-97-494. The incident report relates the relevant facts about an incident which occurred between 2:30 p.m. and 3:00 p.m. CDST on Saturday, April 26, 1997. The incident is a natural gas explosion and flash fire which occurred in one unit of a four-unit apartment building located at 8814B Smart Avenue in Independence, Missouri. That building was extensively damaged due to the explosion and flash fire, but no injuries were reported.

Also on September 10 the Staff filed a Complaint against MGE alleging violation of the Commission's rules regarding installation depth of unencased plastic service lines. Commission Rule 4 CSR 240-

40.030(8)(G)1 provides that unencased plastic must be installed with at least 18 inches of cover in all locations. Staff alleged in the Complaint that its investigation of the service line at 8814B Smart Street following the incident revealed 27 feet of unencased plastic service line at an average depth of 12.7 inches with a depth of 10 inches at the point of damage. Staff alleged that damage occurred when the landowner placed an incendiary device used to kill moles in a hole near the unencased portion of the service line causing the service line to melt and rupture.

The incident report states that natural gas escaped from the damaged service line and migrated through a broken sewer lateral into unit 1 of 8814B Smart Avenue. According to the incident report, the probable cause of the incident was the ignition of natural gas that had accumulated in the apartment. Staff states it is probable that the incident would not have occurred if the unencased portion of the service line had been installed at the required depth of cover. Staff reported its investigation showed that several other service lines in the area of the incident made by the same contractor at approximately the same time period were buried at the proper depth.

On November 5 MGE and Staff filed a Settlement Agreement and Satisfaction of Complaint (Agreement). In the Agreement, MGE, without conceding the legal merits of any of Staff's allegations of violation, provides the following response to the incident report. Subsidence in the immediate area of the damage to the service line makes it difficult to determine for certain the depth at which the service line was installed. The service line was installed in 1993 prior to MGE's acquisition of assets from Western Resources, Inc. The line was installed by a contractor, Northern Pipe Line (NPL) which has not installed service lines for MGE since 1996. From October to November of 1996, MGE met with the training

departments of its service line contractors and reviewed service line installation depth standards. NPL conducted review sessions with its construction employees assigned to MGE contracts.

MGE states it has reviewed its procedures and standards for service line installation and believes that it has already communicated the importance of service line installation depth to its contractors with sufficient clarity and emphasis; however, MGE has taken or will take three additional measures: (1) MGE's current service line installation contractors, Gas Distribution Contractors (GDC) and K & B, which did not hold special review sessions on service line burial depth requirements in the fall of 1996, conducted such sessions with all of their employees by late October of 1997; (2) MGE sent a letter to all of its service line contractors (GDC and K&B) generally reminding them of their contractual obligation to observe the construction requirements imposed by Commission rule and Company standards and reiterating the importance of the burial depth of service lines (attached to the Agreement as Exhibits A-1 and A-2); and (3) MGE will also revise certain of its construction standards pertaining to the installation of service lines (nos. 2120, 2310, 2315 and 2320 attached to the Agreement as Exhibits B-1 through B-4) to eliminate any possible ambiguity regarding the required depth of service line burial. MGE reviewed its procedures and standards regarding the inspection and evaluation of service line installations and found them to be adequate. Therefore, MGE is not revising such procedures although MGE is conducting meetings with all Company personnel who inspect service line installation work to review and emphasize the importance of the procedures.

MGE and Staff request that the Commission issue an Order Approving Settlement Agreement and Satisfaction of Complaint and issue orders closing both cases. The Agreement states that the undertakings by

MGE and their acceptance by Staff forms a reasonable basis for settlement of the cases and any claims within the jurisdiction of the Commission arising from the incident.

The Commission has reviewed the Settlement Agreement and Satisfaction of Complaint filed on November 5 and the entirety of the file for each case. The Commission finds that the undertakings of MGE and their acceptance by Staff forms a reasonable basis for the settlement of these cases. The Commission finds that the Settlement Agreement and Satisfaction of Complaint is a reasonable resolution of the issues and should be approved.

**IT IS THEREFORE ORDERED:**

1. That the Settlement Agreement and Satisfaction of Complaint filed on November 5, 1997, by Missouri Gas Energy and the Staff of the Commission, is approved.
2. That Case Nos. GS-97-494 and GC-98-113 may be closed after February 4, 1998.
3. That this order shall become effective on February 3, 1998.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

(S E A L)

Lumpe, Ch., Crumpton, Murray,  
and Drainer, CC., concur.

G. George, Regulatory Law Judge

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JAN 25 1998

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION