

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

In the Matter of Laclede Gas Company's)	
Tariff Revision Designed to Clarify Its)	Case No. GT-2009-0056
Liability for Damages Occurring on)	
Customer Piping and Equipment.)	

LACLEDE GAS COMPANY'S STATEMENT OF POSITION

COMES NOW Laclede Gas Company ("Laclede" or "Company"), and files its Statement of Position on the issue to be decided in this case and, in support thereof, states as follows:

1. On behalf of the parties, Staff today filed the Issues List, Order of Witnesses and Order of Cross-Examination for this case. Laclede herewith files its Statement of Position on the issue to be decided in this matter, as set forth below.

ISSUE:

Is Laclede Gas company's proposed tariff just and reasonable?

STATEMENT OF POSITION:

Yes, the proposed tariff as amended by Laclede is just and reasonable and should be approved by the Commission. Today, Laclede does not know the extent of the duties it must meet to be free of liability in many situations. In lawsuits against the Company, these limits are set by judges and juries who are not schooled in gas safety matters. Based on its experience, the Company understandably fears that the judicial system will subject it to responsibility for a wide range of damages as an unwilling insurer, rather than merely requiring it to face responsibility for its own actions. When an unreasonable level of liability is assigned to the Company, this excess is ultimately paid by Laclede's customers through rates designed to cover the Company's costs.

The proposed tariff, as amended, applies the expertise of the Commission's safety Staff to set reasonable parameters for the Company's duties. These parameters represent a reasonable balance for all parties, including parties who have suffered damages, the Company's customer base as a whole, and the Company itself. In addition, the proposed tariff provides some certainty as to the extent of the Company's responsibilities and potential liability.

In three circumstances, the proposed tariff ties the Company's duties to its compliance with both Federal safety standards and the more stringent safety standards promulgated by the Commission. Specific Federal and State gas safety rules apply to all three of these areas. The first circumstance is the safe transmission and distribution of gas (i.e. the quality of gas Laclede delivers to its customers). The second circumstance is the proper odorization of gas. Finally, the third circumstance is the obligation to provide warnings or safety information. Compliance with these safety rules relieves the Company of liability for losses allegedly caused by a failure in these specific areas, except for the failure to warn, wherein the proposed tariff does not offer liability protection where the Company did not provide a warning to the customer, and the Company had actual knowledge of a dangerous condition on the customer's premises.

The proposed tariff also addresses in a normal, reasonable and clear manner the Company's obligation to provide continuous service. The Company is required to be reasonably diligent in providing gas service without interruption. However, the Company will not be liable for interruptions caused by factors outside of its control (i.e. force majeure), and any liability that does apply will be limited to the Company's charge for rendering service.

Finally, the proposed tariff sets reasonable boundaries with respect to the Company's responsibility for customer equipment and the damages that may arise therefrom. The proposed tariff recites that the Company is responsible for the operation of customer equipment only arising from the testing and inspection requirements of the Federal and State safety rules, or where the Company has expressly agreed to be responsible for it. The Commission's safety rules require the Company to perform an inspection when it initiates the flow of gas at a property. The purpose of this requirement is to ensure that gas can safely be turned on. The proposed tariff provides a presumption that the Company met this requirement to safely initiate gas service if the customer equipment operates without incident for 48 hours.

In other circumstances in which the Company has entered the customer's premises to perform any work for which the costs and revenues are normally considered in the ratemaking process, the proposed tariff sets a limit to the Company's responsibility in a manner that is not only reasonable, but is at least as long as private contractors warrant their services. For non-space heating appliances, this limit is set at 90 days, and for space heating appliances (e.g. furnaces), this period is set at 60 winter days. These limitations do not apply to merchandise sold by Laclede, nor where the time periods have elapsed because Laclede failed to perform a required inspection.

In summary, the proposed tariff is fair to all constituents, and places the establishment of the Company's responsibility and liability for gas safety back in the hands of the Commission, where it belongs. The proposed tariff as amended should be approved as just and reasonable.

WHEREFORE, Laclede Gas Company respectfully requests that the Commission accept this Statement of Position.

Respectfully submitted,

/s/ Rick Zucker

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ATTORNEYS FOR
LACLEDE GAS COMPANY

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing pleading was served on the General Counsel of the Staff of the Missouri Public Service Commission, and the Office of the Public Counsel, on this 2nd day of October, 2009 by hand-delivery, fax, electronic mail or by regular mail, postage prepaid.

/s/Gerry Lynch