

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY  
September 12, 2000**

**CASE NO: GC-2001-137**

**Office of the Public Counsel**  
P.O. Box 7800  
Jefferson City, MO 65102


**Michael C. Pendergast**  
Laclede Gas Company  
720 Olive Street, Room 1520  
St. Louis, MO 63101

**General Counsel**  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**Jim Levin, Director**  
Center For Dispute Resolution  
206 Hulston Hall  
Columbia, MO 65211

**Enclosed find certified copy of a NOTICE in the above-numbered case(s).**

Sincerely,



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

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

The Staff of the Missouri Public  
Service Commission,

Complainant,

v.

Laclede Gas Company,

Respondent.

Case No. GC-2001-137

**NOTICE OF COMPLAINT**

Michael C. Pendergast  
Laclede Gas Company  
720 Olive Street, Suite 1520  
St. Louis, Missouri 63101

**CERTIFIED MAIL**

On September 7, 2000, the Staff of the Missouri Public Service Commission (Complainant) filed a complaint with the Missouri Public Service Commission against Laclede Gas Company. A copy of that complaint is enclosed. As provided in 4 CSR 240-2.070, Respondent, Laclede Gas Company, shall have **30 days** from the date of this notice to file an answer or to file notice that the complaint has been satisfied.

In the alternative, Laclede Gas Company may file a written request that the complaint be referred to a neutral third-party mediator for **voluntary mediation** of the complaint. Upon receipt of a request for mediation, the 30-day time period shall be tolled while the Commission determines whether or not the Complainant is also willing to submit to voluntary mediation. If the Complainant agrees to mediation, the time period within which an answer is due will be suspended while the mediation process proceeds. Additional information regarding the mediation process is enclosed.

If the Complainant declines the opportunity to seek mediation, Laclede Gas Company will be notified in writing that the tolling has ceased and will also be notified of the date by which an answer or notice of satisfaction must be filed. That period will usually be the remainder of the original 30-day period.

All pleadings (the answer, the notice of satisfaction of complaint, or request for mediation) shall be mailed to:

Secretary of the Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102-0360

A copy of all pleadings shall be served upon Bruce H. Bates, Assistant General Counsel, Missouri Public Service Commission, P.O. Box 360, Jefferson City, Missouri 65102. A copy of this notice has been mailed to the Complainant.

**BY THE COMMISSION**



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

(S E A L)

Dated at Jefferson City, Missouri,  
on this 12th day of September, 2000.

Copy to: Bruce H. Bates

Register, Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>2</sup>

SEP 7 2000

Missouri Public  
Service Commission

The Staff of the Missouri Public Service  
Commission, )

Complainant, )

v. )

Laclede Gas Company, )

Respondent. )

Case No. GC-2001- 137

COMPLAINT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Complaint against Laclede Gas Company ("Laclede" or "Company") states as follows:

1. Laclede is a gas corporation under §386.020(18), RSMo (Cum.Supp. 1999) and as such, is a public utility subject to the Missouri Public Service Commission's ("Commission" or "MoPSC") jurisdiction pursuant to §386.020(42), RSMo (Cum.Supp. 1999). Laclede is also subject to the Commission's safety jurisdiction under §386.310, RSMo (Cum.Supp. 1999).

2. Staff, through the Office of General Counsel, is authorized under 4 CSR 240-2.070(3), and under the authority of §386.390, RSMo (1994), to file a formal complaint with the Commission regarding any act or omission by a public utility in violation of a Commission rule.

3. At approximately 3:15 p.m., Central Standard Time (CST), on Saturday, March 25, 2000, natural gas was ignited and an ensuing fire occurred at 416 Boyce Avenue (416 Boyce) in Farmington, Missouri. One individual, who was working in a crawlspace beneath the kitchen floor, suffered burns to his face and right arm. He refused initial medical attention, but sought medical treatment on March 29 in Columbia, Missouri, where he was treated for 2<sup>nd</sup> degree burns

and released. There were no fatalities resulting from the incident. Fire damage was primarily localized to the kitchen area; total damage as a result of the incident was estimated at \$20,000.

4. Missouri Natural Gas Company, a Division of Laclede, provides natural gas service in Farmington, Missouri. The natural gas distribution system in the vicinity of 416 Boyce was operating at approximately 24 pounds per square-inch gauge ("psig") at the time of the incident. The natural gas main ("main") serving 416 Boyce was a 4-inch diameter, coated and cathodically protected steel pipeline. A ¾ - inch diameter, coated and cathodically protected steel service line delivered natural gas from the 4-inch main to 416 Boyce.

5. The Commission's Gas Department Gas Safety Staff was notified of the incident on March 27 and conducted an investigation to evaluate the circumstances surrounding the incident at 416 Boyce in Farmington, Missouri, on March 28. Staff has prepared and filed its *Gas Incident Report* (Report) in Case No. GS-2000-673 on September 7, 2000, and adopts this Report in its entirety by reference.

6. The Staff concluded that the incident resulted from natural gas escaping from three corrosion holes on the 4-inch main, located beneath the street in front of 416 Boyce. The escaping natural gas migrated to a sewer main located less than 27 feet away from the corrosion holes, entered the sewer lateral for 416 Boyce, and then into the structure beneath the kitchen. Family members of the residents of 416 Boyce were installing a shower unit and in the process had separated the house sewer piping in a crawlspace area beneath the kitchen. Smelling gas and thinking a recently replaced gas range knob had become disoriented and that the valve was in the 'on' position, but the burner was not lit, a family member began operating controls on the range, which is believed to have ignited the accumulated natural gas.

7. The Staff has determined that sufficient evidence exists to conclude that, subsequent to the incident, Laclede did not notify the Commission of a reportable incident within

2 hours of discovery. The evidence collected during this investigation clearly links natural gas leaking and then migrating from corrosion holes in the Company's pipeline facilities to a fire within 416 Boyce Avenue that resulted from the ignition of natural gas emanating from the residence's sewer lateral. A Company Service foreman, who is responsible for notifying appropriate Company personnel of a reportable incident, was aware of this linking sequence of events the evening (March 25) of the incident. The Service foreman did not notify appropriate Company personnel, who are qualified to make monetary assessments, and responsible for notifying the Commission, until March 27. The Commission was notified on March 27 at 2:00 p.m.

8. As a result of its investigation, Staff alleges that Laclede violated or failed to comply with 4 CSR 240-40.020(4)(A) by not notifying the MoPSC of a reportable incident within 2 hours of discovery. The incident involved natural gas escaping from Company facilities and igniting within a residence; total damages exceeded \$10,000.

9. It was also determined during the course of the investigation that, subsequent to the incident, Laclede did not conduct emergency procedures in a timely manner after initial investigations of the incident scene, which would have provided for public safety and would have protected property. Upon arriving on the scene, the Company's initial responding serviceman obtained natural gas readings, within its flammable range, in the sewer system. He removed a sewer manhole cover and obtained lower, but within the flammable range, natural gas readings from within the sewer system. Approximately 2 ½ hours after initial Company arrival, Laclede began additional venting procedures (air-jacking), but natural gas readings within the flammable range remained within the sewer system. After initial arrival, it was more than 4 ½ hours before Company personnel on-site requested a backhoe, and the backhoe operator was not contacted for another hour. Natural gas within the flammable range remained within the sewer

system until initial excavations of the main or the sewer were employed at approximately 10:30 p.m. For more than 5 ½ hours after Laclede arrived, natural gas migrated within the sewer system and might easily have entered other structures or found an ignition source.

10. As a result of its investigation, Staff alleges that Laclede violated Commission rule 4 CSR 240-40.030(14)(C)1., which states that, "Class 1 leak ... shall require immediate corrective action which shall provide for public safety and protect property."

11. Laclede violated or failed to comply with 4 CSR 240-40.030(14)(C) by not conducting emergency procedures in a timely manner such that would provide for public safety and protect property.

12. Pursuant to §386.570 RSMo (1994), any public utility that violates or fails to comply with any Commission rule is subject to a penalty of not less than one-hundred dollars nor more than two thousand dollars for each offense.

**WHEREFORE**, the Staff respectfully requests the Commission find that Laclede violated 4 CSR 240-40.020(4)(A) and 4 CSR 240-40.030(14)(C), and further requests that the Commission authorize the Office of General Counsel to seek civil penalties in Circuit Court and order such other relief as the Commission may find just and reasonable in this cause.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

A handwritten signature in dark ink, appearing to read "Bruce H. Bates", is written over a horizontal line.

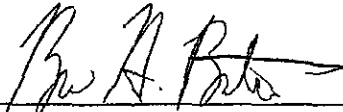
Bruce H. Bates  
Assistant General Counsel  
Missouri Bar No. 35442

Attorney for the Staff of the  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
(573) 751-7434 (Telephone)  
(573) 751-9285 (FAX)  
bbates@mail.state.mo.us (E-Mail)



### 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 7<sup>th</sup> day of September 2000.

  
\_\_\_\_\_  
Bruce H. Bates

Service List for  
Case No. GC-2000-\_\_\_\_  
September 7, 2000

Office of the Public Counsel  
PO Box 7800  
Jefferson City, MO 65102

Mike Pendergast  
Laclede Gas Company  
720 Olive St., Rm. 1520  
St. Louis, MO 63101



**Commissioners**

**SHEILA LUMPE**  
Chair

**M. DIANNE DRAINER**  
Vice Chair

**CONNIE MURRAY**

**ROBERT G. SCHEMENAUER**

**KELVIN L. SIMMONS**

## **Missouri Public Service Commission**

POST OFFICE BOX 360  
JEFFERSON CITY, MISSOURI 65102  
573-751-3234  
573-751-1847 (Fax Number)  
<http://www.psc.state.mo.us>

**BRIAN D. KINKADE**  
Executive Director

**GORDON L. PERSINGER**  
Director, Research and Public Affairs

**WESS A. HENDERSON**  
Director, Utility Operations

**ROBERT SCHALLENBERG**  
Director, Utility Services

**DONNA M. KOLILIS**  
Director, Administration

**DALE HARDY ROBERTS**  
Secretary/Chief Regulatory Law Judge

**DANA K. JOYCE**  
General Counsel

### **Information Sheet Regarding Mediation of Commission Formal Complaint Cases**

Mediation is process whereby the parties themselves work to resolve their dispute with the aid of a neutral third-party mediator. This process is sometimes referred to as "facilitated negotiation." The mediator's role is advisory and although the mediator may offer suggestions, the mediator has no authority to impose a solution nor will the mediator determine who "wins." Instead, the mediator simply works with both parties to facilitate communications and to attempt to enable the parties to reach an agreement which is mutually agreeable to both the complainant and the respondent.

The mediation process is explicitly a problem-solving one in which neither the parties nor the mediator are bound by the usual constraints such as the rules of evidence or the other formal procedures required in hearings before the Missouri Public Service Commission. Although many private mediators charge as much as \$250 per hour, the University of Missouri-Columbia School of Law has agreed to provide this service to parties who have formal complaints pending before the Public Service Commission at no charge. Not only is the service provided free of charge, but mediation is also less expensive than the formal complaint process because the assistance of an attorney is not necessary for mediation. In fact, the parties are encouraged not to bring an attorney to the mediation meeting.

The formal complaint process before the Commission invariably results in a determination by which there is a "winner" and a "loser" although the value of winning may well be offset by the cost of attorneys fees and the delays of protracted litigation. Mediation is not only a much quicker process but it also offers the unique opportunity for informal, direct communication between the two parties to the complaint and mediation is far more likely to result in a settlement which, because it was mutually agreed to, pleases both parties. This is traditionally referred to as "win-win" agreement.

The traditional mediator's role is to (1) help the participants understand the mediation process, (2) facilitate their ability to speak directly to each other, (3) maintain order, (4) clarify misunderstandings, (5) assist in identifying issues, (6) diffuse unrealistic expectations, (7) assist in translating one participant's perspective or proposal into a form that is more understandable and acceptable to the other participant, (8) assist the participants with the actual negotiation process, (9) occasionally a mediator may propose a possible solution, and (10) on rare occasions a mediator may encourage a participant to accept a particular solution. The mediator will not possess any specialized knowledge of the utility industry or of utility law.

In order for the Commission to refer a complaint case to mediation, the parties must both agree to mediate their conflict in good faith. The party filing the complaint must agree to appear and to make a good faith effort to mediate and the utility company against which the complaint has been filed must send a representative who has full authority to settle the complaint case. The essence of mediation stems from the fact that the participants are both genuinely interested in resolving the complaint.

Because mediation thrives in an atmosphere of free and open discussion, all settlement offers and other information which is revealed during mediation is shielded against subsequent disclosure in front of the Missouri Public Service Commission and is considered to be privileged information. The only information which must be disclosed to the Public Service Commission is (a) whether the case has been settled and (b) whether, irrespective of the outcome, the mediation effort was considered to be a worthwhile endeavor. The Commission will not ask what took place during the mediation.

If the dispute is settled at the mediation, the Commission will require a signed release from the complainant in order for the Commission to dismiss the formal complaint case.

If the dispute is not resolved through the mediation process, neither party will be prejudiced for having taken part in the mediation and, at that point, the formal complaint case will simply resume its normal course.

Date: January 25, 1999



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Dale Hardy Roberts  
Secretary of the Commission

EC 2001 137  
P 102 316 557

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**Receipt for Certified Mail**  
No Insurance Coverage Provided.  
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Michael C. Pendergast	
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720 Olive St. Rm 1520	
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PS Form 3800, April 1995

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

I have compared the preceding copy with the original on file in this office and

I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 12<sup>th</sup> day of September 2000.

*Dale Hardy Roberts*

Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

