



MISSOURI GAS ENERGY

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ROBERT J. HACK

Vice President, Pricing & Regulatory Affairs

March 15, 2001

FILED

MAR 16 2001

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102-0360

**Missouri Public
Service Commission**

RE: Case No. GC-2001-436

Dear Mr. Roberts:

Enclosed for filing in the above-referenced matter, please find an original and eight (8) conformed copies of **Settlement Agreement and Satisfaction of Complaint**.

A copy of this filing has been mailed or hand-delivered this date to counsel of record.

Thank you for bringing this matter to the attention of the Commission. Please call me if you have any questions regarding this matter.

Sincerely,

C: F. Jay Cummings
Douglas E. Micheel
Clifford Snodgrass

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

MAR 16 2001

Missouri Public
Service Commission

The Staff of the Missouri Public Service
Commission,)

Complainant,)

vs.)

Case No. GC-2001-436

Missouri Gas Energy,)

Respondent.)

SETTLEMENT AGREEMENT AND SATISFACTION OF COMPLAINT

Come now Missouri Gas Energy ("MGE"), a division of Southern Union Company, and the Staff of the Missouri Public Service Commission ("Staff"), by and through their respective counsel, and respectfully state as follows:

Procedural History

1. On February 9, 2001, the Staff filed a "Gas Incident Report" ("the Incident Report") in Case No. GS-2001-216. The Incident Report relates the relevant facts as found by the Staff surrounding an incident which occurred at approximately 2:40 p.m. CDST on July 24, 2000, in which a natural gas flash fire occurred at 205 East Oak Street in Warrensburg, Missouri ("the incident"). The two-story, single-family dwelling sustained moderate damage as a result of the fire and one resident sustained burn injuries and was taken to the hospital for in-patient treatment.

2. Also on February 9, 2001 the Staff filed a "Complaint" against MGE alleging violation of section 319.030(1) RSMo, regarding the location of underground facilities.

3. The Staff states on page 6 of the Incident Report (in the last sentence of the first full paragraph): "[A]dditionally, MGE did not receive any leak or odor calls from any residents of the 200 block of East Oak Street during the six months prior to the incident." MGE apologizes for leading the Staff to this erroneous conclusion. In fact, MGE responded to a leak call (which resulted from third party damage to an MGE service line for which a locate request had not been received) from a resident of the 200 block of East Oak Street in February of 2000. In addition, the Staff makes one operational recommendation in the Incident Report pertaining to training in locate procedures.

4. By order dated February 14, 2001 in Case No. GS-2001-216, MGE was advised that its response to the Incident Report is due no later than March 19, 2001. By a "Notice of Complaint" dated February 14, 2001, in Case No. GC-2001-436, MGE was advised that it was to file an Answer or the measures taken to satisfy the Complaint on or before March 16, 2001. This Settlement Agreement and Satisfaction of Complaint is designed to obviate the need for MGE to make a response in Case No. GS-2001-216 and an Answer in Case No. GC-2001-436.

Settlement Agreement and Satisfaction of Complaint

5. Without conceding the legal merits of any Staff allegation of violation, MGE provides the following response to the recommendation made in the Incident Report. MGE intends to implement, or continue to implement, the operational recommendation made by the Staff in its Incident Report as follows:

- A. MGE promptly investigated this incident and took corrective action upon the employee who failed to properly locate the facilities in question.¹ In addition, upon returning to work this employee was retrained by MGE in facilities locating procedures.
- B. MGE continues to emphasize to all employees who locate facilities the importance and necessity of making accurate locates and uses the circumstances of this incident as a training example.
- C. MGE has reviewed the locate procedures used in its Warrensburg serving office and has implemented a change whereby additional information pertaining to service lines will be placed on facilities locate requests when they are transmitted from MGE's Lee's Summit serving office to Warrensburg. In addition, MGE's training department is conducting a broader review of locate procedures across the MGE system to determine whether modifications are appropriate for existing locate procedures in other geographical areas. MGE will provide to the Staff, no later than May 1, 2001, a report on the conclusions reached from this review.

6. These undertakings by MGE and their acceptance by the Staff, as well as the other aspects of this document, form a reasonable basis for settlement of the referenced dockets and any claims within the jurisdiction of the Commission arising from the incident. The commitments made by MGE herein shall constitute full settlement and satisfaction of any claims

¹ It should be noted that this was a long-term employee with a solid performance history who, in MGE's opinion, was properly and adequately trained. MGE believes this employee's failure to properly locate facilities in this particular instance resulted from an assumption that employee made about the circumstances of that specific worksite. This employee's familiarity with the practices of the excavator involved and the lateness of the hour when the employee

or causes of action which have been or might in the future be asserted against MGE before the Commission, which arise out of, are based upon, or could have been based upon, the facts surrounding the incident as related in the Incident Report.

7. This document shall not be construed to operate as a waiver or release of the Staff's right and ability to conduct follow-up evaluations of the representations made herein, or to in any way impair or affect the Staff's ability to file, or MGE's ability to contest, recommendations or complaints involving applications of the Commission's rules or Missouri law cited in the previously referenced Incident Report or Complaint to any future incidents, situations or events involving MGE, or to any other natural gas system operated under the jurisdiction of the Commission.

8. This Settlement Agreement and Satisfaction of Complaint is a compromise of disputed claims and neither all nor any part of this document constitutes an admission of any violation of law, statute, rule, regulation or procedure of any kind by MGE. No waiver or modification of any defense which has been raised by MGE in these dockets is intended or should be assumed as a result of this document.

9. This document shall not be construed as or operate as a settlement, satisfaction, release or waiver of any claims or defenses MGE may have now or hereafter against any other person or entity arising from or relating to the facts surrounding the incident or the actions taken by MGE as a result of the incident; MGE expressly reserves all rights and defenses it may have in regard thereto.

arrived to make the locate request, led the employee to conclude that the excavation work was complete.

10. The Staff has represented to MGE that the foregoing Settlement Agreement and Satisfaction of Complaint is acceptable, and by execution of this document Staff recommends to the Commission that this Settlement Agreement and Satisfaction of Complaint be approved, in its entirety. If the document is not so approved in total, no party hereto shall be bound or prejudiced by any provisions contained herein or by any representations which have been made in the context of the attempted settlement hereof, and MGE shall be allowed a reasonable time in which to file a Response to the Incident Report and an Answer to the Complaint.

11. No party to this document believes the consideration and approval of this document requires a hearing before the Commission; however, the Staff and MGE stand ready if additional information is requested.

12. Nothing in this Settlement Agreement and Satisfaction of Complaint is intended to impinge or restrict in any matter the exercise by the Commission of any statutory right, including the right of access to information, and any statutory obligation.

13. The Staff also shall have the right to provide, at any agenda meeting at which this Settlement Agreement and Satisfaction of Complaint is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

14. This Settlement Agreement and Satisfaction of Complaint represents a negotiated settlement. Except as specified herein, the signatories to this document shall not be prejudiced,

bound by, or in any way affected by the terms of this Settlement Agreement and Satisfaction of Complaint: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; or (c) in this proceeding should the Commission decide not to approve this Settlement Agreement and Satisfaction of Complaint in the instant proceeding.

15. If the Commission accepts the specific terms of this Settlement Agreement and Satisfaction of Complaint, the signatories waive their respective rights to cross-examine witnesses (subject to the provisions of paragraph 14); their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo², their respective rights to the reading of the transcript by the Commission pursuant to section 536.080.2; and their respective rights to judicial review pursuant to Section 386.510. This waiver applies only to a Commission Report and Order issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Settlement Agreement and Satisfaction of Complaint.

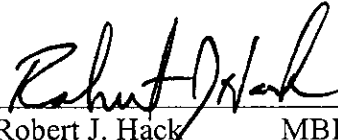
16. MGE and the Staff each agree and represent that the attorneys listed below are duly authorized to execute this Settlement Agreement and Satisfaction of Complaint on their respective behalf, and that this document represents a complete description of all of the considerations for this agreement.

WHEREFORE, MGE and the Staff respectfully request that the Commission issue its Order Approving the Settlement Agreement and Satisfaction of Complaint, in its entirety as set

² All statutory references herein are to RSMo 2000 unless specifically indicated otherwise.

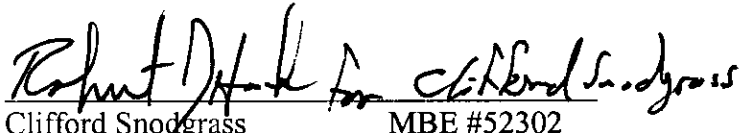
forth herein, and to issue orders closing the above-captioned dockets.

Respectfully submitted,



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Southern Union Company



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Attorney for the Staff of the Missouri Public
Service Commission

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was
either mailed or hand delivered this 15th day of March, 2001 to:

Mr. Clifford Snodgrass
P.O. Box 360
Jefferson City, MO 65102

Mr. Douglas E. Micheel
P.O. Box 7800
Jefferson City, MO 65102

