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Witness: Robert R. Leonberger
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MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

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DIRECT TESTIMONY

OF

ROBERT R. LEONBERGER

LACLEDE GAS COMPANY

CASE NO. GC-2006-0060

Jefferson City, Missouri
May 2006

Exhibit No. 11
Case No(s) GC-2006-0060
Date 5-22-06 Rptr KF

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

USW Local 11-6, Complainant,	)	
v.	)	Case No. GC-2006-0060
Laclede Gas Company, Respondent	)	

AFFIDAVIT OF ROBERT R. LEONBERGER

STATE OF MISSOURI)
) **ss**
COUNTY OF COLE)

Robert R. Leonberger, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 10 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

Robert R. Leonberger

Subscribed and sworn to before me this 4th day of May, 2006.

Notary Public

My commission expires June 7, 2008

CARLA K. SCHNIEDERS
Notary Public - Notary Seal
State of Missouri
County of Cole
My Commission Exp. 06/07/2008

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DIRECT TESTIMONY

OF

ROBERT R. LEONBERGER

LACLEDE GAS COMPANY

CASE NO. GC-2006-0060

Q. Please state your name and business address.

A. My name is Robert R. Leonberger and my business address is P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am employed by the Missouri Public Service Commission (PSC or Commission) as a Utility Regulatory Engineering Supervisor in the Gas Safety/Engineering Section of the Energy Department of the Utility Operations Division.

Q. Please review your educational background and work experience.

A. In 1977, I received a Bachelor of Science degree in Architectural Engineering from the University of Colorado in Boulder, Colorado. After graduation, I was employed by the Missouri Highway and Transportation Department in the Bridge Division from 1977-1982 as a structural design engineer and later as a senior structural design engineer. While at the Highway Department I performed highway bridge design work and checked bridge design plans of others. During that time I also spent one year as a steel fabrication inspector monitoring quality control of bridge steel fabrication.

Since July 1, 1982, I have been on the Gas Safety/Engineering Staff of the Commission. I was promoted to the position of Engineer IV in November 1987 and assumed my present position in October 1990. I have successfully completed the seven

courses prescribed by the U.S. Department of Transportation (DOT) at the Transportation Safety Institute regarding the application and enforcement of the minimum federal safety standards for the transportation of natural and other gas by pipeline (49 CFR, Part 192). Included in this training were courses on the joining of pipeline materials, corrosion control, regulator stations and relief devices, failure investigation, and code application and enforcement. In addition, I have attended numerous other courses and seminars directly related to pipeline safety and incident investigation related subjects, as well as seminars on utility regulation. In the Commission's Energy Department, my responsibilities include monitoring all phases of natural gas utility plant design, installation, operation, and maintenance. I conduct on-site plant inspections, review and analyze utility records, investigate customer gas safety complaints, investigate natural gas related incidents and assist in the continued development of the Commission's pipeline safety rules. It is my responsibility to make recommendations to each utility's management and to the Commission, if necessary, following these evaluations.

I am a member of the National Association of Corrosion Engineers (NACE) and former member of the American Society of Mechanical Engineers-Gas Piping and Technical Committee (ASME-GPTC). I represented the PSC on the ASME-GPTC from 1986-1989. I currently am a member and past Chairman of the National Association of Pipeline Safety Representatives and represent the PSC on this organization.

Q. Have you previously testified before this Commission?

A. Yes. I have presented testimony in Case Nos. GC-90-06, GC-91-150, GR-92-165, GM-94-40 and GR-96-285 before the Commission.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to (1) describe the regulatory requirements of 4 CSR 240-40.030(12)(S), specifically, inspecting inside **customer-owned** piping and appliances when an operator turns on the flow of gas, (2) describe the regulatory requirements of 4 CSR 240-40.030(13)(M), specifically, leak surveys of **company-owned** piping, and (3) address certain statements made in the United Steelworkers of America Local No. 11-6 (USWA Local 11-6) Complaint.

Checking inside piping and appliances...referred to by Laclede as TFTO inspections

Q. Please explain the Commission's pipeline safety regulations regarding inspection of **customer-owned** piping and appliances at the time the Company physically turns on the flow of gas to a customer.

A. In general, the basis for the Commission's pipeline safety regulations in 4 CSR 240-40.020 and 4 CSR 240-40.030 are the Federal pipeline safety regulations contained in 49 CFR Parts 191 and 192. The pipeline safety requirements in the CSR (State), however, are more stringent than the CFR (Federal) in numerous areas of the regulations. One such specific regulation is CSR 240-40.030(12)(S)1.A. and B., for which there is no Federal counterpart. These regulations require that at the time an operator physically turns on the flow of gas to a customer, each segment of the fuel line must be tested for leakage to at least the delivery pressure; and a visual inspection of the exposed, accessible customer gas piping and all connected equipment must be conducted. This CSR requirement is unusual in that it requires the Company to conduct an inspection on **customer-owned** piping and equipment. Typically, Federal and Missouri pipeline

safety regulations apply only to **company-owned** piping and equipment, up to (upstream of) the outlet of the meter. This more stringent requirement was developed to make sure that Company personnel did not create a hazard on **customer-owned** piping or equipment when operating a gas valve on **company-owned facilities** when introducing gas into the structure. The basis for this more stringent requirement, adopted in 1989, was the Staff's understanding of the liability placed on Company personnel by *Fields vs. Missouri Power and Light,* 374 S.W. 2d 17, (Mo. 1963). The Staff attempted to include in the pipeline safety regulations what the Staff believed an operator of a natural gas system may be held liable for (through case law) when going into a structure to relight customer appliances **when it turned on the flow of gas.**

Q. Are there pipeline safety regulations that specifically require inspection of customer-owned piping and equipment when the billing is changed from one customer to another?

A. No. There is no Federal pipeline safety requirement to conduct an inspection on customer-owned piping or equipment when the name on the account changes **or** even when the flow of gas is turned on to a customer. There is no specific state pipeline safety requirement to conduct an inspection of customer-owned piping, unless the flow of gas is being turned on. I know of no other operator of a natural gas distribution system in the state that is conducting an inspection of customer-owned piping and appliances when the name on the customer account changes and the gas flow is not interrupted. In addition, I am not aware of any other state that requires this type of inspection. CSR 240-40.030(12)(S)2.C. reinforces that it is the customer's responsibility for maintaining their **customer-owned** piping and utilization equipment. Laclede had

been going above and beyond the Commission's pipeline safety regulations when conducting the TFTO inspections. Therefore, discontinuing the TFTO inspection by Laclede did not violate any pipeline safety requirements in CSR 240-40.030 and does not cause the Staff to have pipeline safety concerns.

If the Staff believed that discontinuing TFTO inspections was a safety concern and inspections of customer-owned piping were needed when the name on the account is changed without interrupting the flow of gas, we certainly would not want the inspections to be initiated in such a haphazard manner, dependent on when an account is changed from one customer to another. Using that criterion to conduct a TFTO inspection of customer-owned piping and appliances would result in some addresses being inspected twice a year (houses/apartments used by college students) and other addresses not having an inspection due to a TFTO for 20 to 30 years.

The cursory inspections being discussed are primarily on **customer-owned** piping and appliances when the name on the customer account is changed and the flow of gas is not interrupted. TFTO inspections are not required by the pipeline safety regulations contained in CSR 240-40.030. **Customer-owned** piping and equipment is the responsibility of the customer. I believe that if the various local/municipal government entities believe safety could be enhanced by these types of TFTO inspections on piping that is the responsibility of the customer, it would be more appropriate for these entities to pass ordinances requiring an inspection of the **customer-owned** piping and appliances when an account is changed from one name to another. These inspections could be appropriately performed by qualified HVAC personnel, since they would be very familiar

with installation of customer-owned gas piping, operation of appliances, and venting of appliances.

Leak surveys of inside, company-owned piping

Q. Please describe the regulatory requirements to leak survey company-owned service lines.

A. 4 CSR 240-40.030(13)(M)2.A. requires instrument leak detection surveys to be conducted on **company-owned** piping each calendar year, but not exceeding 15 months for business districts. Rule 4 CSR 240-40.030(13)(M)2.B. requires that, outside a business district, **company-owned piping** located inside a structure must be leak surveyed with an instrument at intervals not to exceed 39 months, but at least once each third calendar year. The Federal pipeline safety requirements for annually leak surveying **company-owned** piping in business districts is the same as the CSR (annually). However, the Federal requirements prescribe a five-year leak survey interval for **company-owned** piping outside the business district. So, Missouri's leak survey requirements for company-owned, inside piping are more stringent than the Federal requirements (three-year versus five-year frequency).

Prior to implementation, Laclede personnel discussed with Staff the idea of equipping their meter readers with the leak detection devices as a way to comply with the requirements of 4 CSR 240-40.030(13)(M)2.A. and B. to leak survey inside **company-owned** piping at least every third calendar year. Having the meter readers wear the leak detection devices was a method by which Laclede could comply with the above-referenced regulations to instrument leak survey inside **company-owned** piping and was

not to leak survey inside **customer-owned** piping. There is not a specific Federal or State pipeline regulation that requires meter readers to wear a leak detection device.

For Laclede to have complied with the leak survey requirements for inside **company-owned** piping, prior to deployment of AMR and without using meter readers, leak survey personnel would have to gain access to the structure on the prescribed interval and leak survey the inside **company-owned** piping. Prior to installation of AMR, utilizing the meter readers offered a more efficient method to leak survey company-owned piping, than having Laclede leak personnel make a separate appointment to gain access for a leak survey, because the meter readers were already going into the structure. The requirement to leak survey inside **company-owned** piping is not being eliminated. Therefore, Laclede is required to conduct the leak surveys on the inside **company-owned** piping according the prescribed intervals contained in 240-40.030(13)(M)2.A. and B.

Statements in the USWA Local 11-6 Complaint

Q. Do you have responses to certain statements made by USWA Local 11-6 in its Complaint?

A. Yes. Statements made on page 2 in the Complaint in paragraph 4 ("...without comment from Staff...") and on page 2 paragraph 5, ("...PSC's tacit approval of the tariff revisions...") implies that the Staff did not adequately consider the revisions to the tariffs proposed by Laclede that became effective June 10, 2005. The Staff thoroughly reviews tariff filings for adequacy and to assure that the proposed revisions to the tariffs were reasonable and were within the regulations. In this instance,

the Commission's Rates and Tariff personnel, as well as Safety/Engineering personnel, reviewed the proposed tariff revisions.

First, due to the technology utilized by the AMR project, the Staff did not believe then (and still does not believe) that there was a need for Laclede to continue to obtain physical meter readings of inside meters on an annual basis. The reading obtained by AMR would be an "actual" reading of the meter usage. The AMR project will reduce the large number of estimated meter readings and the associated incorrect billings, which has been a continuing problem with Laclede's operations as identified by past Commission Management Services audits. The leak surveys required by Commission rule for inside, **company-owned** piping would still be accomplished, but would no longer be performed by the meter readers.

Second, the TFTO inspections (cursory inspections conducted by the Company when the name on the customer account was changed from one customer to another) that were being discontinued by Laclede have never been required by the Commission's pipeline safety regulations. The TFTO inspections involved inspections of **customer-owned** piping and equipment that are clearly the responsibility of the customers. The Staff did not believe then (and does not believe now) that it was appropriate to require Laclede to continue to perform these inspections that are not required by our regulations and the Staff knows of no other natural gas company or municipality in the state that performs that type of inspection. Therefore, the proposed tariff revisions were closely reviewed by various Staff personnel prior to the tariffs being approved and the Staff believed the proposed tariff revisions were within the regulations and did not significantly affect safety of the facilities regulated by the Commission.

Q. Did Laclede personnel contact you before the proposed tariffs were submitted?

A. Yes. Prior to filing their revised tariffs, Laclede personnel contacted the PSC's Safety/Engineering Staff to inform us of the proposed change and to see if the Staff believed there was a problem with discontinuing, what is referred to as the TFTO inspection, in conjunction with initiation of the AMR project. As noted above, the Safety/Engineering Staff indicated they did not believe there was a pipeline safety requirement to conduct the TFTO Inspection (when the flow of gas was not discontinued), and was an activity over and above the required activity that was being paid for by the customers. However, since the TFTO inspection was in Laclede's tariffs, the tariffs would have to be revised before it discontinued the TFTO inspection. The Staff did not believe discontinuing the TFTO inspection affected the Commission's pipeline safety requirements and did not in any way alter the requirements in 4 CSR 240-40.030(12)(S) to conduct an inspection of customer-owned piping and appliances when the gas is physically turned on.

Q. Is there another area of the USWA Local 11-6 Complaint that you would like to address?

A. Yes. On page 2, in paragraph 6, of the Complaint, in a discussion of the annual meter readings and meter readers wearing leak detection devices, USWA Local 11-6 states: "This current, mandatory safety precaution will be lost should the annual readings be abandoned and remote meter readings be allowed to constitute actual, inside meter readings (emphasis added)." The requirement for Laclede to obtain at least an annual actual meter reading for inside meters was made in a previous Commission case to

address **billing issues** and was not a "mandatory safety precaution." In that Commission case, there had been some problems with the reliability of older generation devices used to mechanically transmit the inside meter reading to an outside device to allow an outside reading of the meter usage. The Commission determined in the case that, for **billing purposes**, an actual physical reading of inside meters should be required annually. The new technology utilized by Laclede in their current AMR program does not require the meters to be physically read, since the meter usage is transmitted directly from the meter by the AMR without using an external mechanism and the data transmitted would be the actual usage.

If the "mandatory safety precaution" noted by USWA Local 11-6 is intended to refer to meter readers wearing leak detection devices, that assertion is also incorrect, because there is no specific mandatory requirement for meter readers to wear a leak detection device. As I have explained in my testimony, having the meter readers wear a leak detection device is not specifically required by the regulations, but was a method that Laclede used to comply with the leak survey requirements for inside **company-owned** piping.

Q. Does this complete your testimony?

A. Yes.