

FILED

FEB 27 1991

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

Staff of the Public Service  
Commission,

Complainant

vs.

Laclede Gas Company,

Respondent.

Case No. GC-91-150

Staff of the Public Service  
Commission,

Complainant

vs.

Laclede Gas Company,

Respondent.

Case No. GC-91-209

In the matter of Laclede Gas  
Company regarding an incident at  
4285 Ringer Road in St. Louis  
County, Missouri, on May 15, 1990.

Case No. GS-90-326

In the matter of Laclede Gas  
Company regarding an incident at  
Wild Horse Creek Road (Route CC),  
West St. Louis County, St. Louis,  
Missouri, on June 26, 1990.

Case No. GS-91-4

In the matter of Laclede Gas  
Company regarding an incident at  
the intersection of Lac Terre  
Drive and Dardenne Farms Drive in  
unincorporated St. Charles County,  
Missouri, on October 5, 1990.

Case No. GS-91-154

STATEMENT OF  
SETTLEMENT AND SATISFACTION

Comes now Laclede Gas Company ("Laclede"), by its counsel,  
and for a Statement of Settlement and Satisfaction sponsored by  
Laclede of: (1) the Complaints filed by the Staff of the

Missouri Public Service Commission ("Staff") in Commission Cases Nos. GC-91-150 and GC-91-209; and (2) the recommendations contained in the Staff Accident Reports filed in Cases Nos. GS-90-326 and GS-91-4 and the Staff Incident Report filed in Case No. GS-91-154.

I.

Procedural History

1. On October 9, 1990 the Staff filed its Staff Accident Report in Case No. GS-90-326, which Report contained certain recommendations concerning an explosion and fire allegedly involving natural gas at 4285 Ringer Road, Mehlville, Missouri, on May 15, 1990 (the "Ringer Incident"). On October 15, 1990 the Staff filed a complaint against Laclede with the Commission related to the Ringer Incident designated as Case No. GC-91-150, alleging that Laclede failed: (a) to take immediate corrective action on a Class 1 Leak; (b) to have an adequate emergency plan; and (c) to notify Commission personnel and the U.S. Department of Transportation ("DOT") of the incident in a timely manner. On November 14, 1990 Laclede filed its Answer to this Complaint, denying each alleged violation, and presenting certain affirmative defenses.

2. On November 14, 1990, the Staff filed its Staff Accident Report in Case No. GS-91-4, which Report contained certain recommendations concerning an ignition and fire involving natural gas at Lot 121, Hornbean Drive, Chesterfield, Missouri, on June 26, 1990 (the "Hornbean Incident"). On November 19, 1990, the Staff filed a Complaint against Laclede with the Commission related to the Hornbean Incident designated

as Case No. GC-91-209 alleging that Laclede failed to: (a) utilize appropriate safety equipment in the course of repairing a punctured natural gas main; and (b) train its service personnel effectively. On December 19, 1990, Laclede filed its Answer to the Complaint denying each alleged violation, and presenting certain affirmative defenses.

3. On February 21, 1991, the Staff filed its Staff Incident Report in Case No. GS-91-154, which Report contained certain recommendations concerning an ignition and fire involving natural gas at or near the intersection of Lac Terre Court and Dardenne Farms Drive in O'Fallon, Missouri on October 5, 1990 (the "O'Fallon Incident").

## II.

### Settlement and Satisfaction

1. Laclede's commitment to, and reputation for, gas safety is well established. Despite the difference of opinion between the Staff and Laclede as to the allegations and conclusions of the Staff Complaints regarding the Ringer and Hornbean Incidents, subsequent to such Incidents Laclede quickly undertook actions which, among other things, addressed the concerns embodied in the Complaints filed in Cases Nos. GC-91-150 and GC-91-209, and the related recommendations contained in the Staff Reports filed in Cases Nos. GS-90-326, GS-91-4 and GS-91-154. The Staff has been informed of such actions already taken by Laclede, as well as additional actions developed, designed and to be implemented by Laclede, to further address, among other things, the Staff concerns and recommendations with respect not only to the Ringer and Hornbean Incidents, but the

O'Fallon Incident as well. These undertakings by Laclede and their acceptance by the Staff, as well as the further understandings between Staff and Laclede described below, form a reasonable basis for a settlement of the disputed claims, and satisfaction of the recommendations regarding such Incidents.

2. The Ringer Incident involved an investigation by Laclede of an explosion and fire which resulted in substantial property damage to a dwelling, but no personal injuries. Staff was concerned with the failure of the investigation on the night of the incident to detect the alleged presence of a natural gas leak, and the alleged failure of Laclede to notify Commission personnel and the DOT of the incident in a timely manner. Upon subsequent investigation, Laclede did locate and repair a leak in a natural gas copper service line at or near its connection at the main near 4285 Ringer Road.

Shortly after the Ringer Incident, Laclede acted to further achieve its ongoing gas safety objectives in that Laclede: (A) revised its procedures by placing an Operating Division Supervisor in charge of Laclede's activities at the site of major fires and/or explosions, to assure well-experienced senior supervision would be in charge at the scene; (B) developed a comprehensive information summary form to help assure that all important data is gathered on major fires and/or explosions; (C) developed and implemented a debriefing process to review all actions taken related to major fires and/or explosions, as part of Laclede's normal investigation process, to help assure that all material information is considered, and that all appropriate actions are taken;

(D) transferred the responsibility for liaison with Staff gas safety personnel on reportable incidents from Laclede's Claims Department to direct communication by a senior member of Laclede's Operating Department; (E) decided to provide a formal training program in incident recognition and maintenance procedures to all appropriate operating personnel; (F) determined to provide Operating Supervisors involved in emergency response with further available formal, professional training in incident recognition; (G) proceeded with additional studies recommended by Staff to evaluate copper service line incidents regarding factors such as septic tank involvement, water table, soil types and other considerations; (H) developed and began a program to identify separately all intermediate pressure and medium pressure copper services that were installed by direct burial, to help assure that all such copper services can be readily leak surveyed; and (I) established and expanded a copper service replacement program in areas susceptible to corrosion, to provide for the replacement of copper services on either side of a copper service that is being replaced due to corrosion.

In order to provide even further safety assurance, Laclede has determined that, as a part of the Settlement described herein, it shall also undertake the following additional actions: (A) add a permanent position in its Service and Installation Department to be filled by a graduate engineer, to increase the effectiveness of training and emergency response; (B) improve the coordination with municipal and public emergency response officials by increased scheduling of its training

program for such officials; (C) substitute an annual instrument leak survey over all direct buried intermediate pressure and medium pressure copper service lines, in lieu of the existing special mobile copper service survey, to assure that all direct buried copper services are leak surveyed annually over their entire length, where previously the survey was only over that portion of the service in the street right-of-way and only in areas of known active corrosion; (D) expand the replacement program for copper services so as to replace over a period of ten years all remaining direct buried intermediate pressure and medium pressure copper services within the right-of-way in known areas of active corrosion as presently defined by the criteria for the special copper mobile leak survey; and (E) compile a summary of copper service line replacements that were leaking due to corrosion denoting whether the leak location was in the right-of-way or in the yard. Compile a summary of the copper service line replacements where there was no leak detected. These summaries are to be compiled for each calendar year.

3. The Hornbean Incident involved an ignition and fire of natural gas at a construction site due to puncture of a 2 inch plastic gas main by a third party excavator. No property damage resulted. A Laclede employee working to "squeeze off" the leak suffered second and third degree burns to his hands and forearms when the escaping gas ignited. Staff was concerned with the failure of Laclede's employees at the Incident to use flash suits and other safety equipment, and about the adequacy of the training of such personnel to assure that they

are knowledgeable of emergency procedures. Since the Hornbean Incident, Laclede has: (A) established the position of Manager of Operations Safety in addition to the existing Safety Supervisor, to better assure increased field compliance with Laclede safety regulations and procedures; and (B) revised the format of the Construction and Maintenance Weather Day Training program to increase the emphasis on safety and operating maintenance procedures.

4. The O'Fallon Incident involved an ignition of natural gas in an excavation during the process of converting a propane system to a natural gas system. No property damage occurred, but a Laclede employee received second and third degree burns as a result of his entering the excavation in an attempt to shut off the gas just at the moment ignition occurred. The actions undertaken by Laclede in response to the Hornbean Incident to better assure increased training and field compliance with Laclede safety regulations and procedures, as described in paragraph 3 above, will also be implemented in a manner directed to avoid a future occurrence of the type experienced in the O'Fallon Incident.

5. The actions specified above which have already been undertaken by Laclede in response to the Ringer, Hornbean and O'Fallon Incidents, as well as those additional undertakings previously described as part of the conditions of Settlement, represent part of Laclede's ongoing commitment to further gas safety. In addition to the express commitments represented by these undertakings, Laclede offers to contribute \$10,000 to the public school fund of the State of Missouri, all of the above

to constitute full settlement and satisfaction of any and all complaints and recommendations which are subject to the Commission's jurisdiction, and which have arisen or could arise, out of the Ringer, Hornbean and/or O'Fallon Incidents. The Staff explicitly reserves the ability to conduct follow-up evaluations of the performance by Laclede of the undertakings previously described as part of the conditions of this Settlement, and in no way waives Staff's ability to seek Commission authority to enforce compliance with these conditions of this settlement through complaint or otherwise, subject to Laclede's right to contest any such enforcement actions.

This settlement in no way shall impair or affect Staff's ability to file, or Laclede's ability to contest, recommendations or complaints involving applications of the Commission Rules cited in the previously referenced Staff Accident Reports or Staff Incident Report to any future incidents involving Laclede or any other natural gas system operation under the jurisdiction of the Commission, or impair the Staff's ability to evaluate the Laclede study and/or additional actions by Laclede expressly specified herein as a part of the conditions of Settlement, and developed and designed to be implemented by Laclede to address the Staff concerns and recommendations with respect to the three referenced Incidents.

It is further understood and agreed that this entire settlement and satisfaction is a compromise of disputed claims and that neither all nor any part of such settlement and satisfaction constitutes an admission of any violation of law, statute, regulation or liability of any kind by Laclede. Any



and all such claimed violations or liability are expressly denied by Laclede.

6. The Staff has represented to Laclede that the foregoing Statement of Settlement and Satisfaction is acceptable, and by signing this document below Staff hereby recommends to the Commission that this Statement of Settlement and Satisfaction be approved, in its entirety.

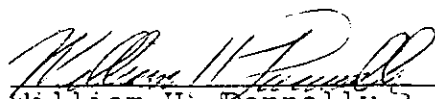
7. The consideration and approval by the Commission of this Statement of Settlement and Satisfaction does not necessitate a hearing; however, Staff and Laclede agree to provide the Commission with additional information if requested. The Office of the Public Counsel has advised the Staff that it does not oppose this settlement.


WHEREFORE, Laclede respectfully requests that the Commission issue its Order Approving the Statement of Settlement and Satisfaction in full as set forth herein, in complete settlement and satisfaction of the Ringer, Hornbean and O'Fallon Incidents; of the Complaints pending in Cases Nos. GC-91-150 and GC-91-209; and of the recommendations contained in the Staff Accident Reports filed in Cases Nos. GS-90-326 and GS-91-4, and the Staff Incident Report filed in Case No. GS-91-154.

Respectfully submitted,

LACLEDE GAS COMPANY

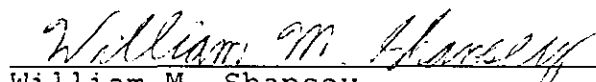
By

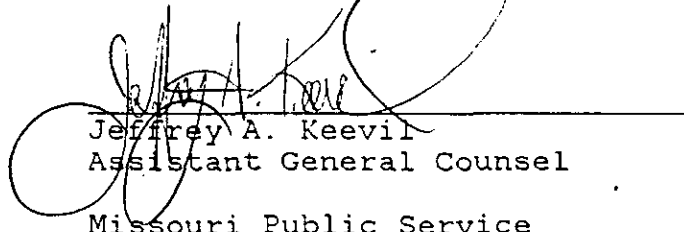
  
William H. Donnelly  
Vice President-Operations

  
Gerald T. McNeive, Jr.  
Associate General Counsel

Laclede Gas Company  
720 Olive St. Room 1528  
St. Louis, MO 63101  
(314) 342-0513

CONCURRED IN BY THE STAFF OF THE  
MISSOURI PUBLIC SERVICE COMMISSION

  
William M. Shansey  
Assistant General Counsel

  
Jeffrey A. Keevil  
Assistant General Counsel

Missouri Public Service  
Commission  
P.O. Box 360  
Jefferson City, MO 65102  
314-751-8702

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing instrument was served upon Lewis R. Mills, Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102, by depositing said instrument in the United States mail in St. Louis, Missouri, this 27th day of February, 1991.

