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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service Commission held at its office in Jefferson City on the 17th day of March, 1998.

In the Matter of the Missouri Public Service Commission,)	
)	
)	
Complainant,)	
)	Case No. GC-96-452
v.)	
)	
The City of Granby, Missouri,)	
)	
Respondent.)	

ORDER APPROVING MODIFICATION TO STIPULATION AND AGREEMENT

On September 3, 1997, the Commission issued a report and order approving a stipulation and agreement between the Staff of the Commission (Staff), the Office of the Public Counsel (OPC), and the City of Granby, Missouri (City) in which the City agreed to the following conditions:

10. Based upon the findings from the investigations noted in numbered paragraph 9(a)(4), set out above, Granby agrees to excavate and expose a large sample of not less than fifteen (15) of the approximately seventy-five (75) remaining locations where sewer mains cross beneath natural gas mains to determine if additional damage to natural gas mains exist. These excavations will be completed within six (6) months of the date of any order approving this Unanimous Stipulation and Agreement. Within thirty (30) days of completion of these excavations, the City shall send the Staff: a) a summary that details the addresses of the locations excavated and examined; b) the date of the excavations; c) any damage noted, and d) any remedial action taken. Further, the City will provide the Staff with a minimum of forty-eight (48) hours' notice of each planned excavation to allow the Staff the opportunity to witness such excavations.

11. If the investigation of the additional locations set out in numbered paragraph 10 uncovers additional

excavation related damage, the City agrees to investigate as many of the approximately sixty (60) remaining locations as the Staff determines is necessary. The excavation and investigation of any additional locations will be undertaken at a rate that would complete approximately twenty (20) locations every six (6) months beginning the date the City receives notice from the Staff. If less than twenty (20) additional locations are selected for an investigation, the rate of completion will be approximately three (3) per month.

12. If the investigation of the additional locations set out in numbered paragraphs 10 and 11 uncovers additional damage that could impair the serviceability of the natural gas mains or service lines, appropriate repairs or replacements will be undertaken.

Granby was required to complete excavations by March 16, 1998. Subsequent to the issuance of the above report and order, Granby pursued and adopted a proposal for the complete replacement of its existing steel natural gas distribution system with polyethylene pipe, valves, and fittings. Granby anticipates that this replacement program will be completed no later than April 1, 1999.

As a result, on February 13, 1998, the parties filed a proposed modification to the stipulation and agreement in this case, reflecting agreement between the parties that the City will complete the replacement program in lieu of paragraphs 10, 11, and 12 set out above. The proposed modification to the stipulation and agreement is appended to this order as Attachment A and incorporated herein.

On March 3, 1998, the Staff filed a recommendation to approve the proposed modification. The Staff takes the position that the new course of action proposed in the modification is superior to that contained in the original stipulation. The Staff states that, on March 2, 1998, the City provided the Staff with documentation per the terms of the proposed modification which Staff believes adequately addresses that a) the funding necessary to replace its natural gas distribution system is in place; and

b) the design and replacement of the system will occur on schedule as specified in paragraph number 4 of the proposed modification.

The Staff notes that, as part of the proposed modification, the City has agreed to provide the Staff with quarterly progress reports detailing all actions taken toward completion of the project. The Staff recommends the Commission approve the proposed modification.

The Commission has reviewed the proposed modification to the stipulation and agreement in this case, together with the Staff recommendation and accompanying documentation. The Commission finds the proposed replacement proposal to be reasonable and in the best interest of public safety and will approve the proposed modification. The Commission will order the City to strictly comply with the terms and conditions of the agreed-upon timetables, reporting, and completion date.

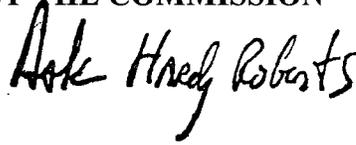
IT IS THEREFORE ORDERED:

1. That the proposed modification of the stipulation and agreement, filed February 13, 1998, and appended to this order as Attachment A, is hereby approved.

2. That the City of Granby is hereby ordered to strictly comply with all terms and conditions, reporting requirements, timetables, and the completion date as set out in the modification.

3. That this order shall become effective on March 27, 1998.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur.

Derque, Regulatory Law Judge

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

**FILED
FEB 13 1998
MISSOURI
PUBLIC SERVICE COMMISSION**

In the Matter of the Missouri Public Service)
Commission,)
)
Complainant,)
)
v.)
)
The City of Granby, Missouri.)
)
Respondent.)

Case No. GC-96-452

MODIFICATION TO UNANIMOUS STIPULATION AND AGREEMENT

I. BACKGROUND

On June 24, 1996, the Staff of the Missouri Public Service Commission ("Staff") filed a Gas Incident Report ("The Incident Report") in Case No. GS-96-277. The Incident Report detailed the Staff's investigation of a natural gas explosion and fire that had occurred at approximately 1:06 a.m., CST, Wednesday, February 7, 1996, at 132 West Neosho Street in Granby, Missouri. At the same time that the Staff filed its Gas Incident Report in Case No. GS-96-277, it also filed a Complaint against Granby ("The Complaint") which resulted in the opening of this docket. Subsequently, the Staff, Granby and the Office of the Public Counsel ("Public Counsel") negotiated and filed a Unanimous Stipulation and Agreement ("The Stipulation") on February 4, 1997, settling all four counts continued in The Complaint.

On September 3, 1997, the Commission issued its Report and Order in this docket, Case No. GC-96-452, approving and ordering compliance with The Stipulation ("Report and Order"). The

provisions of The Stipulation as approved by the Commission include the following requirements set forth at paragraphs 10 through 12:

10. Based upon the findings from the investigations noted in numbered paragraph 9(a)(4), set out above, Granby agrees to excavate and expose a large sample of not less than fifteen (15) of the approximately seventy-five (75) remaining locations where sewer mains cross beneath natural gas mains to determine if additional damage to natural gas mains exist. These excavations will be completed within six (6) months of the date of any order approving this Unanimous Stipulation and Agreement. Within thirty (30) days of completion of these excavations, the City shall send the Staff: a) a summary that details the addresses of the locations excavated and examined; b) the date of the excavations; c) any damage noted, and d) any remedial action taken. Further, the city will provide the Staff with a minimum of forty-eight (48) hours notice of each planned excavation to allow the Staff the opportunity to witness such excavations.

11. If the investigation of the additional locations set out in numbered paragraph 10 uncovers additional excavation related damage, the City agrees to investigate as many of the approximately sixty (60) remaining locations as the Staff determines is necessary. The excavation and investigation of any additional locations will be undertaken at a rate that would complete approximately twenty (20) locations every six (6) months beginning the date the City receives notice from the Staff. If less than twenty (20) additional locations are selected for an investigation, the rate of completion will be approximately three (3) per month.

12. If the investigation of the additional locations set out in numbered paragraphs 10 and 11 uncovers additional damage that could impair the serviceability of the natural gas mains or service lines, appropriate repairs or replacements will be undertaken.

Since the effective date of the Report and Order was September 16, 1997, the Report and Order requires Granby to complete the excavations on or before March 16, 1998.

After issuance of the Commission's Report and Order, Granby pursued and adopted a proposal for the complete replacement of its existing steel natural gas distribution system with a system consisting of polyethylene pipe, valves and fittings by the first quarter of 1999.

II. MODIFICATION TO STIPULATIONS AND AGREEMENTS

As a result of numerous discussions and meetings among the parties, without conceding the legal merits of any of the Staff's allegations of violation contained in The Complaint and with Granby denying any negligence or fault, the signatories hereto modify The Stipulation by stipulating and agreeing as follows:

1. If the Commission approves the proposed modifications to The Stipulation ("Proposed Modification"), Granby will completely replace its existing steel natural gas distribution system with polyethylene pipe, valves and fittings by the first quarter of 1999.

2. Granby will further provide to the Staff on or before March 2, 1998, documentation verifying that: a) the funding necessary to replace its natural gas distribution system is in place; and b) documentation guaranteeing that the design and replacement of the system will occur as scheduled.

3. The Staff will file a notice with the Commission by March 3, 1998, indicating whether Granby has submitted the documentation in issue.

4. If the Commission approves the Proposed Modification, Granby agrees to begin replacement of the natural gas distribution system by the end of the first quarter of 1998 and complete the system replacement by the end of the first quarter of 1999. Granby will provide the Staff with quarterly progress reports detailing all actions toward completion of the replacement program taken during that quarter. Specifically, Granby will provide to the Staff quarterly progress reports on or before: a) June 30, 1998, b) September 30, 1998, c) December 31, 1998, and d) March 31, 1999.

5. Granby agrees to notify the Staff at least five (5) working days prior to the start of the project to allow the Staff the opportunity to schedule construction inspections.

6. The signatories agree that the total replacement of the distribution system would eliminate those locations where steel natural gas mains cross above sewer mains. Further, the total replacement of the existing distribution system would eliminate on-going cathodic protection problems that have been an issue for several years.

7. If the Commission approves the Proposed Modification and Granby provides the documentation set out above in paragraph 3 on or before March 2, 1998, Granby will not be required to comply with paragraphs 10 through 12 of The Stipulation.

8. Commission approval of the Proposed Modification will not affect any party's rights or obligations under The Stipulation aside from those contained in paragraphs 10 through 12 of The Stipulation.

9. As with The Stipulation, the signatories to the Proposed Modification shall not be prejudiced or bound in any manner by the terms of the Proposed Modification in this or in any other proceeding, except as otherwise expressly specified herein.

10. The Proposed Modification has resulted from negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not adopt the Proposed Modification in total, the Proposed Modification shall be void and no signatory shall be bound by, prejudiced or in any way affected by any of the agreements or provisions hereof: (a) in this proceeding; (b) in any future proceeding; or (c) in any proceeding currently pending under a separate docket.

11. In the event the Commission adopts the Proposed Modification in total, the signatories shall not be prejudiced, bound by or in any way affected by the terms of the Proposed Modification: (a) in any future administrative proceeding; or (b) in any administrative proceeding currently pending under a separate docket, or both, except as otherwise expressly specified herein.

12. In the event the Commission accepts the specific terms of the Proposed Modification, the signatories waive, with respect to Case No. GC-96-452: (a) their respective rights pursuant to § 536.080.1 RSMo 1994 to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; (b) their respective rights to the reading of the transcript by the Commission pursuant to § 536.080.2 RSMo 1994; and (c) their respective rights to judicial review pursuant to § 386.510 RSMo 1994.

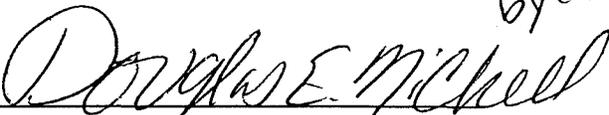
13. The Staff shall have the right to provide, at any agenda meeting at which the Proposed Modification is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. 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 the protective order issued in this case. Additionally, Staff will verbally notify the other parties of any date(s) the Proposed Modification is scheduled for discussion at an agenda meeting as soon as the Staff becomes aware of such.

14. To the extent that the Commission believes that an on-the-record formal presentation of the Proposed Modification is necessary, the parties agree to make themselves available at the

Commission's convenience to answer any questions the Commission might have during the formal hearing scheduled in this docket or any agenda meeting.

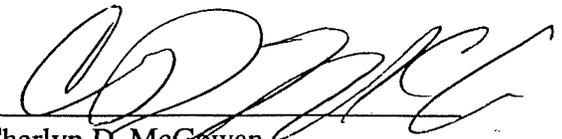
WHEREFORE, the signatories respectfully request that the Commission issue its Order modifying the terms of The Stipulation as set out above.

Respectfully submitted,

by CDM


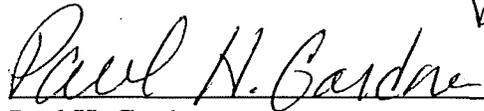
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RECEIVED

MAR 18 1998