

U.S. Department of Transportation
Research and Special Programs Administration
400 Seventh St., S.W.
Washington, D.C. 20590

June 28, 2002

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
PO Box 360
Jefferson City, MO 65102-0360

Dear Mr. Roberts:

We have considered the Commission's order of April 25, 2002, granting the Laclede Gas Company a waiver from the definition of "main" in 49 CFR 192.3. The waiver applies to any distribution line that extends from a main onto private property and supplies gas to no more than two residential building customers.

The effect of the waiver is to reclassify these distribution lines as "service lines" so they do not have to be buried as deep as mains. Because the waiver is comparable to other State waivers we have approved for branch service lines serving contiguous lots, we have no objection to the waiver.

Sincerely,
Stacey L. Gerard
Associate Administrator for Pipeline Safety

LACLEDE GAS COMPANY
720 OLIVE STREET
ST. LOUIS, MISSOURI 63101

February 4, 2002

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

RE: Case No. GE-2002-372

Dear Mr. Roberts:

Enclosed for filing on behalf of Laclede Gas Company, please find the original and eight copies of the Verified Application for Permanent Waiver of Compliance in the above-referenced case. Please file-stamp the additional copy of this Verified Application.

Thank you for your consideration in this matter.

Sincerely,
Michael C. Pendergast

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of Laclede)
Gas Company for a permanent waiver from)
the definition of "main" in 4 CSR 240-40.030(1)(B)14) Case No. GE-2002-372
and 49 CFR Part 192.3 where the piping)
serves no more than two adjacent residences.)

VERIFIED APPLICATION FOR
PERMANENT WAIVER OF COMPLIANCE

COMES NOW Laclede Gas Company ("Laclede" or "Company"), pursuant to 4 CSR 240-2.060 and 2.080 of the Commission's Rules of Practice and Procedure and 49 USC §60118(d), and, in support of its Verified Application for Permanent Waiver of Compliance, respectfully states as follows:

1. Laclede is a public utility incorporated under the laws of the State of Missouri, with its principal office located at 720 Olive Street, St. Louis, Missouri 63101. A Certificate of Good Standing evidencing Laclede's standing to do business in Missouri was submitted in Case No. GF-2000-843 and is hereby incorporated by reference herein for all purposes. Laclede is engaged in the business of distributing and transporting natural gas (and to a limited extent distributing liquefied petroleum gas) to customers in the City of St. Louis and the Counties of St. Louis, St. Charles, Crawford, Jefferson, Franklin, Iron, Ste. Genevieve, St. Francois, Madison, and Butler in Eastern Missouri, as a gas corporation subject to the jurisdiction of the Missouri Public Service Commission (the "Commission").

2. Communications in regard to this Application should be addressed to:

Michael C. Pendergast
Vice President & Associate General Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
(314) 342-0532

Patrick A. Seamands
Chief Engineer
Laclede Gas Company
3950 Forest Park Blvd
St. Louis, Missouri 63108
(314) 658-5414

3. Laclede has no pending actions or final unsatisfied judgements or decisions against it from any state or federal agency or court which involve customer service or rates.

4. Laclede is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

5. Laclede requests that the Commission issue a Permanent Waiver of Compliance ("Waiver") for all of its operating divisions in Missouri. The purpose of the Waiver is to exempt certain facilities from the definition of a "gas main" as set forth at 4 CSR 240-40.030(1)(B)14 of the Commission's Pipeline Safety Rules and at 49 CFR Part 192.3 of the federal Pipeline Safety Rules. Both of those rule provisions define a "gas main" as "a distribution line that serves as a common source of supply for more than one (1) service line." The facilities which Laclede requests be permanently exempted from this definition include any distribution line of Laclede which extends onto private property and serves no more than two adjacent, private, single-family residences separated by a property line that terminates at an outside, aboveground meter set. Instead of qualifying and being treated as "main" facilities, Laclede requests that such facilities be treated as service lines and made subject to the requirements specified at 4 CSR 240-40.030(1)(G) and at 49 CFR 192.361 Service Lines — Installation, and all other applicable state and federal rules governing the construction, maintenance and operation of service lines.

6. Laclede's primary concern with the application of the existing definition to the kind of facilities described above is that piping defined as "mains" must be buried deeper than piping defined as service lines. Specifically, facilities that qualify as mains must be installed at a minimum depth of 24 inches while facilities that qualify as service lines may be installed at a minimum depth of 12 to 18 inches, depending on their location and composition. As a result of these different depth requirements, it is difficult (and in some cases, impossible with commonly used equipment) to install a single distribution line extending from the street at depths required for mains when it would be otherwise advantageous to install this single line to a point where two "branching" service lines could serve two adjacent buildings.

7. The figures attached hereto as Appendix A, illustrate the typical installation to which the waiver, if granted, would apply. Service line 1 depicts a typical service line as currently installed. Service line 2 is an installation in which the portion of the service line between the branch and the actual main meets the technical definition of "main" pursuant to the rule. It is this segment that would be classified instead as "service line" under the terms of the permanent waiver which Laclede seeks here.

8. Laclede, submits that fostering the use of such arrangements through the granting of its requested Waiver will benefit ratepayers, without any diminishment in public safety. From a financial standpoint, the increased use of such arrangements will benefit ratepayers by reducing the level of costs that would otherwise be required to install separate distribution lines from the main to each customer premises -- cost savings that will eventually be reflected in the rates charged for gas service. At the same time, however, such a Waiver will not in any way diminish public safety but will actually enhance it for the following reasons:

A. The current depth required for service lines has proved adequate for existing service lines, and will be adequate for these service lines.

B. Lines subject to the waiver will not be different in material, size or construction method from those currently installed in accordance with standards approved by the Commission and applicable to service lines now installed on Laclede's system.

C. The lines subject to the waiver will not be at any more risk of damage from loading or excavation than the service lines now installed on Laclede's system because they will be installed in the same location with the same material, size and installation method.

D. Using the proposed installation method will significantly reduce the number of service lines extending through the street right-of-way to the house, which will lessen the chances of mechanical damage by excavation which typically occurs in or near the street right-of-way.

9. In the event its requested Waiver is granted by the Commission, Laclede commits that it will record the location of branch service lines subject to the waiver on its Service Location System (SLS) and physically identify these lines at each meter set.

10. In further support of its request for this Waiver, Laclede notes that the Missouri Public Service Commission granted a waiver of 49 CFR Part 192.3 in accordance with 49 USC §60118(d) for a similar situation as a result of an application submitted by Missouri Gas Energy in 1996. At the time this waiver was sought, the federal Office of Pipeline Safety was notified of the granted waiver and did not object. Additionally, various other states have on several other occasions granted applications for waivers of 49 CFR Part 192.3 that were submitted by natural gas operators for similar situations, including applications from the Arizona Corporation Commission for Southwest Gas Corporation (1989), the Public Service Commission of Nevada for Southwest Gas Corporation (1990), the Washington Utilities and Transportation Commission for Washington Natural Gas Company (1993), the Public Service Commission of Wisconsin for Wisconsin Electric Power Company (1998), the Public Utilities Commission of Nevada for the Wendover Gas Company (1998), the Kansas Corporation Commission for Kansas Gas Service Company (1998), and the Washington Utilities and Transportation Commission for the Cascade Natural Gas Corporation (1998). In all of the above instances, the state agencies submitted the granted waivers to the U.S. Department of Transportation — Research and Special Programs Administration (RSPA) for review, and RSPA replied to the state agencies that it did not object to the waivers granted.

WHEREFORE, for the foregoing reasons, Laclede requests that the Commission issue an order granting it, its successors and assigns, a permanent waiver of compliance from the definition of "main" by exempting from such definition any distribution line of Laclede which extends onto private property and serves no more than two adjacent, private, single-family residences separated by a property line and which terminates at an outside, aboveground meter set.

Respectfully submitted,
Michael C. Pendergast Vice President
Associate General Counsel
Laclede Gas Company
720 Olive Street, Room 1520
St. Louis, MO 63101
(314) 342-0532 Phone
(314) 421-1979 Fax

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing Application was served on the General Counsel of the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 4th day of February, 2002 by hand-delivery or by placing a copy of such Application, postage prepaid, in the United States mail.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

State of Missouri)
) SS.
City of St. Louis)

VERIFICATION

I, Craig R. Hoeflerlin, Vice President-Operations for Laclede Gas Company, being first duly sworn verify that I am familiar with the foregoing Verified Application filed on behalf of Laclede; and that the matters set forth therein are true and correct to the best of my knowledge, information and belief.

Craig R. Hoeflerlin

Subscribed and sworn to before me this 29th day of January, 2002.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Laclede Gas)
Company for a Permanent Wavier from the)
Definition of "Main" in 4 CSR 240-40.030(1)(B)14) Case No. GE-2002-372
and 49 CFR Part 192.3 Where the Piping Serves No)
More Than Two Adjacent Residences)

ORDER DIRECTING FILING.

On February 5, 2002, Laclede Gas Company filed a Verified Application for Permanent Waiver of Compliance. Laclede indicates that the purpose of the waiver is to exempt certain facilities from the definition of a "gas main" as set forth at 4 CSR 240-40.030(1)(B)14 of the Commission's Pipeline Safety Rules and at 49 CFR Part 192.3 of the Federal Pipeline Safety Rules.

In order that the Commission may consider the application in a timely fashion, the Staff of the Missouri Public Service Commission will be directed to file a status report notifying the Commission of the date certain whereon Staff anticipates filing its response to the application.

IT IS THEREFORE ORDERED:

1. That the Staff of the Missouri Public Service Commission shall file a status report no later than March 1, 2002, notifying the Commission of the date certain where Staff anticipates filing its response or recommendation regarding the application filed by Laclede Gas Company.
2. That this order shall become effective on February 21, 2002.

BY THE COMMISSION

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102

February 28, 2002

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. GE-2002-372

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a STAFF RECOMMENDATION.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,
Lera L. Shemwell
Associate General Counsel
(573) 751-7431
(573) 751-9285 (Fax)

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of)
Laclede gas Company for a Permanent)
Waiver from the Definition of "main")
In 4 CSR 240-400030(a)(B) 14 and 49)
CFR Part 192.3 Where the Piping) Case No. GE-2002-372
Serves No More than Two Adjacent)
Residences.)

STAFF RECOMMENDATION

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and for its recommendation in the above-captioned matter states as follows:

1. On February 5, 2002, Laclede Gas Company (Company) filed an Application for Waiver from the definition of "main" at 4 CSR 240-40.030(1)(B)14, and the corresponding definition in the federal regulations.
2. Laclede may file an application for waiver of Commission rules pursuant to 4 CSR 240-2.060 (14).
3. Staff has reviewed the Application for Waiver and recommends that the Application be granted. See Staff Memorandum at Attachment A.
4. Staff is of the opinion that good cause exists for waiver of this rule because the waiver applies to a limited number of distribution lines that serve only two customers and these lines will be installed to the same depth and in the same manner as service lines are currently installed.
5. Staff emphasizes that it does not believe that safe delivery of natural gas to Laclede's customers will be compromised in any way if the Commission grants this waiver, or it would not consider making such a recommendation.
6. Laclede indicates that safety may be enhanced because fewer lines will be installed in the right-of-way, decreasing the chance of excavation damage.

WHEREFORE, Staff recommends that the requested Application for Waiver be granted , and that Laclede be allowed to designate as "service line" any distribution line that extends onto private property, serves no more than two adjacent, private, single-family dwellings separated by a property line, and terminates at an outside, aboveground meter set.

Respectfully submitted,
Dana K. Joyce
General Counsel
Lena L. Shemwell
Associate General Counsel
Missouri Bar No. 43792
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GE-2002-372, Laclede Gas Company

FROM: Jon Kottwit4, Energy epartment - Safety/Engineering

SUBJECT: Staff Recommendation for Approval of a Waiver from Certain Provisions of 49 CFR Part 192,
and the Corresponding Provisions of 4 CSR 240-40.030

DATE: February 27, 2002

Laclede Gas Company Application

On February 5, 2002, Laclede Gas Company (Laclede) filed an VERIFIED APPLICATION FOR PERMANENT WAIVER OF COMPLIANCE (Application) requesting a waiver from the definition of "main" at 4 CSR 24040.030(1)(B)14. and the corresponding definition at § 192.3 of 49 CFR part 192. The waiver would apply to any distribution line of Laclede that extends onto private property, serves no more than two adjacent, private, single- family residences separated by a property line, and terminates at an outside, aboveground meter set. A distribution line of this type would be classified as a "service line" instead of a "main". Laclede's primary concern is that, mains must be installed deeper than service lines. The distribution lines described in the Application would be installed, operated, and maintained in accordance with the requirements for "service line" instead of the requirements for "main".

Laclede submits that this waiver will benefit ratepayers by reducing costs that would otherwise be required to install separate distribution lines to each customer premises. Laclede believes this waiver would not decrease pipeline safety, because the distribution lines involved would be installed at the same depth and in the same manner as current service lines and would be as safe as current service lines. Laclede believes that safety will be enhanced by reducing the number of service lines in the street right-of-way, which will lessen the chance for excavation damage. Laclede would record the location of distribution lines installed in accordance with this waiver on its Service Location System (SLS) and physically identify these lines at each meter set. Laclede notes that a waiver for this same situation was granted by the Missouri Public Service Commission (Commission) to Missouri Gas Energy (MGE) in 1996, and the U.S. Department of Transportation - Research and Special Programs Administration (RSPA) was notified of the granted waiver and did not object. In addition, Laclede lists seven waivers for similar situations that have been granted in other states and submitted for review by RSPA, and RSPA replied to the state agencies that it did not object.

Staff Response

The Staff has reviewed the Application and finds the requested waiver is acceptable in regards to pipeline safety. The Staff agrees with Laclede that the waiver will not reduce pipeline safety. The facts that a waiver for the same situation was granted to MGE in Case No. GO-96-336 and seven similar waivers have been granted in other states provide precedent that this waiver request is not inconsistent with pipeline safety. Further, RSPA is responsible for the federal review of these waivers and has not objected to any of the eight previous waivers for similar situations.

Definitions used in the pipeline safety regulations are found at 49 CFR §192:3 and 4 CSR 240-40.030(1). The federal and state regulations use the same definitions for "distribution line", "main", and "service line". Mains and service lines are defined as types of distribution lines.

Staff Recommendations

As provided for in 49 USC §60118(d), the Staff recommends that the Commission waive compliance with the definition of "main" in 49 CFR §192.3, which corresponds to 4 CSR 240-40.030(1)(3)14., for the distribution lines described by Laclede in the Application. Specifically, the Staff recommends that Laclede be allowed to designate as "service line" any distribution line that extends onto private property, serves no more than two adjacent, private, single-family residences separated by a property line, and terminates at an outside, aboveground meter set. In accordance with 49 USC. 60118(d), such a waiver "is not inconsistent with gas Pipeline safety".

As provided for in 49 USC § 60118(d), the Secretary of Transportation must receive written notice at least sixty (60) days prior to the effective date of any waiver. If the Commission grants a waiver, the Staff recommends the effective date be set seventy-five (75) days from the date the order is issued. Seventy-five (75) days will allow for adequate processing and mail time, and will not detract from the sixty (60) days required for review by RSPA. Further, the Staff would recommend that the notice sent to the Secretary of Transportation:

- 1) be transmitted by Federal Express;
- 2) contain the Application, this memorandum and the Commission order, so that all justification is provided to RSPA; and,
- 3) be addressed to Stacey L. Gerard, Associate Administrator for Pipeline Safety; U.S. Department of Transportation - RSPA/Office of Pipeline Safety; 400 Seventh Street, S.W., Room 7128; Washington, DC 20590.

Service List for
Case No. GE-2002-372
Revised: February 28, 2002 (SW)

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

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 25th day of April, 2002.

In the Matter of the Application of Laclede Gas Company)
For a Permanent Waiver from the Definition of "Main" in)
4 CSR 240-40.030(1)(B)14 and 49 C.F.R. Part 192.3) Case No. GE-202-372
Where the Piping Serves No More Than Two Adjacent)
Residences.)

ORDER APPROVING WAIVER

This order approves the company's request for a waiver from the definition of "main" at 4 CSR 240-40.030(1)(B)14 and 49 C.F.R Part 192.3.

On February 5, 2002, Laclede Gas Company filed an application for waiver from the definition of "main" at 4 CSR 240-40.030(1)(B)14, and the corresponding definition in federal regulations, 49 C.F.R. Part 1.92.3 of the Federal Pipeline Safety Rules. Both of these rule provisions define a "gas main" as "a distribution line that serves as a common source of supply for more than one (1) service line. The facilities which Laclede requests be permanently exempted from this definition include any distribution line of Laclede which extends onto private property and serves no more than two adjacent, private, single-family residences separated by a property line that terminates at an outside, aboveground meter set. Instead of qualifying and being treated as "main" facilities, Laclede requests that such facilities be treated as service lines and made subject to the requirements specified at 4 CSR 240-40.030(8)(G) and at 49 C.F.R. 192.361, and all other applicable state and federal rules governing the construction, maintenance, and operation of service lines.

In support of its application, Laclede submits that the granting of its requested waiver will benefit ratepayers without any diminishment in public safety. Laclede also notes that the Missouri Public Service Commission granted a waiver of 49 C.F.R. Part 192.3 in accordance with 49 U.S.C. § 60118(d) for a similar situation as a result of an application submitted by Missouri Gas Energy in 1996.¹ At that time the U.S. Department of Transportation — Research and Special Programs Administration was notified of the waiver and that agency did not object. In addition, Laclede listed seven waivers for similar situations that have been granted in other states and submitted for review by the Research and Special Programs Administration, and that agency replied to the state agencies that it did not object to the waivers.

The Staff of the Missouri Public Service Commission filed its recommendation on February 28, 2002. Staff reviewed the application, for waiver and recommends that it be granted and that Laclede be allowed to designate as "service line" any distribution line that extends onto private property, serves no more than two adjacent, private, single-family dwellings separated by a property line, and terminates in an outside, aboveground meter set. Staff is of the opinion that good cause exists for waiver of the rule because the waiver applies to a limited number of distribution lines that serve only two customers and that these lines will be installed to the same depth and in the same manner as service lines are currently installed. Staff emphasizes that it does not believe that safe delivery of natural gas to Laclede's customers will be compromised in any way if the Commission grants this waiver. According to Laclede, safety may even be enhanced because fewer lines will be installed in the street right-of-way, decreasing the chance of excavation damage.

Staff points out that a waiver for the same situation was granted to Missouri Gas Energy in Case No. GO-96-346, and seven similar waivers have been granted in other states. Further, Staff notes that that the U.S. Department of Transportation – Research and Special Programs Administration is responsible for the federal review of these waivers and has not objected to any of the eight previous waivers for similar situations. Staff states that 49 U.S.C. §60118(d) provides that the Secretary of Transportation must receive written notice at least 60 days prior to the effective date of any waiver. Thus, if the Commission grants a waiver, staff recommends that the effective date be set 75 days from the date the order is issued, as this will allow for adequate processing and mail time and will not detract from the 60 days required for review by the Research and Special Programs Administration. Staff also recommends that the notice sent to the Secretary of Transportation be transmitted by Federal Express, contain the application, Staff's memorandum and the Commission order, and be addressed to Stacey L. Gerard, Association Administrator for Pipeline Safety, U.S. Department of Transportation – RSPA/Office of Pipeline Safety, 400 Seventh Street, S.W. , Room 7128, Washington, DC 20590.

Upon review of Laclede's application, Staff's memorandum, and Commission regulations, the Commission finds that the requested waiver would not compromise public safety and should be approved. The waiver will apply to a limited number of distribution lines that serve only two customers and these lines will be installed to the same depth and in the same manner as service lines are currently installed. As fewer lines will be installed in the street right-of-way, the change of excavation damage will actually be decreased, which will possibly increase public safety.

IT IS THEREFORE ORDERED:

1. That Laclede Gas Company is hereby granted a waiver from the definition of "main" in 4 CSR 240-40.030(1)(B)14 and the corresponding definition in 49 C.F.R. Part 192.3 as contemplated by this order.
2. That the waiver granted in Ordered Paragraph 1 shall become effective on July 9, 2002.
3. That within ten days of the issuance of this order, a copy of this order and copies of the contents of the official file shall be sent by certified mail to:
Stacey L. Gerard
Associate Administrator for Pipeline Safety
U.S. Department of Transportation — RSPA/Office of Pipeline Safety
400 Seventh Street, S.W., Room 7128
Washington, DC 20590
4. That this order shall become effective on May 5, 2002.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

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 25th day of April
2002

Dale hardy Roberts
Secretary/Chief Regulatory Law Judge