

On January 9, 2012, a break in a 4-inch natural gas main occurred on Payne Avenue in north central Austin. The break in the main occurred shortly before the incident. The escaping natural gas migrated in an unknown pattern to the home of Mr. Renald Ferrovocchio at 1712 Payne Avenue and a neighboring residence at 1710 Payne Avenue where it was ignited by an unknown source. Sadly, the event caused Mr. Ferrovocchio's death and injuries to the occupant of the home next door.

An investigation has been performed by an independent third-party expert firm with experience in investigating incidents of this type. It concluded: "Likely contributing cause of the break in the main on January 9, 2012, was shifting soil due to severe drought conditions followed by rainfall." The investigation also confirmed that a service line leak reported on November 25, 2011, did not cause the explosion.

The incident investigation report has been submitted to the U.S. Department of Transportation and a copy has been provided to the Railroad Commission of Texas. It is also available on the website [www.payneavenueaustin.com](http://www.payneavenueaustin.com).

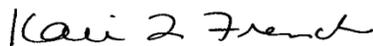
We take our responsibility for delivering natural gas to all our customers in a safe, efficient and reliable manner very seriously. Checking our lines is an ongoing and regulated process. We also respond to reports of suspected leaks. Following the incident on Payne Avenue, we re-surveyed the 32 miles of cast-iron pipe in our Austin system and have affirmed the integrity of those lines. We also have focused our outreach efforts on affected neighbors.

The main line pipe on Payne Avenue where the break occurred was in good working order prior to the break, having been inspected as recently as July 2011. This same line was inspected again on November 25, 2011, by technicians responding to a reported service line leak and no leak was found.

As you know, we inspect the 32 miles of cast-iron lines in the Austin system regularly and respond to reports of suspected leaks.

This tragedy affects us all – the victims and their families foremost – and also the neighbors, the first-responders and all of us at Texas Gas Service. Please use the resources available on the website [www.payneavenueaustin.com](http://www.payneavenueaustin.com) for more information or feel free to send us questions directly through the link provided.

Respectfully,



Kari L. French  
President

