

MEMORANDUM

FILED

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TO: Missouri Public Service Commission Official Case File
Case No. GO-98-567, Associated Natural Gas Company

FROM: *JK ML*
John Kottwitz, Gas Department - Gas Safety *JKM*

Missouri Public
Service Commission

Wes Anderson 7-6-98
Utility Operations Division / Date

Thomas R. Schwan Jr. 7/7/98
General Counsel's Office / Date

SUBJECT: Staff Recommendation for Approval of the Application for a Variance from 4 CSR 240-10.030(19)

DATE: July 2, 1998

Variance Request by Associated Natural Gas Company

Associated Natural Gas Company (ANG) is an operating division of Arkansas Western Gas Company (AWG). On June 19, 1998, ANG filed an APPLICATION FOR THREE YEAR VARIANCE (Application) seeking a variance from 4 CSR 240-10.030(19), which requires:

Unless otherwise ordered by the commission, each gas meter installed shall be periodically removed, inspected and tested at least once every one hundred twenty (120) months, or as often as the results may warrant to insure compliance with the provisions of section (18) of this rule. (emphasis added)

ANG discussed the proposed meter sampling program with the Missouri Public Service Commission (Commission) Gas Department - Gas Safety Section (Staff) prior to filing the Application. ANG requests that the Commission approve a proposed meter sampling program for three years as described in the Application. This program would apply to meters with a capacity under 500 cubic feet per hour, except for 1,605 meters listed in Exhibit C to the Application that will be replaced within five years. Exhibit A to the Application indicates ANG has 45,779 of these gas meters that have been placed in three meter groups. Meter testing costs will be minimized as a result of reduced meter testing.

The proposed program is similar to the AWG meter sampling program that was approved by the Arkansas Public Service Commission on March 24, 1998, by granting a waiver to the Arkansas meter testing rule. Approval of this Application would allow for consistent meter sampling programs in both states. For each meter group, a random sample of 400 meters of the oldest vintage (years since the last test date) will be tested during the first six months of a calendar year. If 92% of the meters are accurate within the prescribed tolerance of plus or minus 2%, the allowable life of the meter group is extended by one year. If less than 89% are accurate, ANG will prepare a "remediation plan" to return the group to a minimum level of 89%. If 89% to 92% are accurate, an additional 200 meters will be tested. If the combined sample of 600 meters tests above 92% or below 89%, action will be taken as described above for the 400 meter sample. If the accuracy level remains between 89% and 92%, the allowable life for the meter group will stay the same for the following year. The maximum allowable life for a meter group is 30 years from the last test date.

Staff Response

Three meter testing variances involving sample testing have already been granted by the Commission to Union Electric Company (UE) in Case No. GO-98-25, to Laclede Gas Company (Laclede) in Case No. GO-95-320, and to the predecessor of Missouri Gas Energy (MGE) in Case No. GO-91-353. Sample testing allows for meter accuracy to be maintained at substantially lower costs than testing all meters every 120 months. As stated in these previous cases, the Staff believes that 4 CSR 240-10.030(18) and (19) are the Missouri standards of quality for gas metering, and are not intended to address gas pipeline safety.

The Staff has reviewed the Application and finds it to be comparable with the meter testing programs being used by UE, Laclede and MGE. The sample size of 400 meters for ANG's meter groups exceeds the number that would be sampled under the previously approved programs. Also, the previously granted variances were permanent, while ANG is requesting a three year variance. At the end of the three-year period, the program results will be reviewed to determine if the variance should be continued or revised. The Staff recognizes the benefit of consistency with the AWG meter sampling program that has been approved in Arkansas. At Staff's request in previous variance application cases, references to the approved meter testing variances have been included in the respective tariff sheets for UE, Laclede and MGE.

Staff Recommendations

The Staff recommends that the Commission grant the gas meter testing variance as described in the Application filed by ANG. If the Commission approves the Application, the Staff would recommend that ANG be ordered to reference the granted variance at an appropriate location in its tariff.

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