

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
July 21, 1998**

CASE NO: GO-98-567

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Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

Paulette Locke Johnson
Arkansas Western Gas Company
P.O. Box 1408
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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 21st
day of July, 1998.

In the Matter of the Application of)	
Associated Natural Gas Company, a Division)	
of Arkansas Western Gas Company, for a)	<u>Case No. GO-98-567</u>
Three-Year Variance from Section (19) of)	
4 CSR 240-10.030, Regarding the Testing of)	
Gas Meters.)	

ORDER GRANTING VARIANCE

On June 19, 1998, Associated Natural Gas (ANG or company), a division of Arkansas Western Gas Company, filed an application for a variance from Rule 4 CSR 240-10.030(19). ANG stated in its application that a variance from this rule will allow for extending the service life of meter change-outs consistent with maintaining billing objectives at a high accuracy level while minimizing cost. ANG proposes a program where its meters will be tested under a meter sampling program. ANG proposes this variance be limited to a three-year period with annual reports with specified information to be filed with the Commission no later than January 31 following the test year. ANG's proposal also states that recommendations for continuation or revision of the variance would be filed as a joint report (Staff and ANG) no later than November 30, 2000.

The Staff of the Commission (Staff) filed its recommendations on July 7. Staff notes in its memorandum that it discussed the proposed meter sampling program with ANG prior to filing the application. The proposed meter sampling program would apply to meters with a capacity

under 500 cubic feet per hour, except for 1,605 meters which are already scheduled to be replaced within five years. The proposed meter sampling program includes 45,779 gas meters separated into three meter groups based upon the dates the meters were purchased. For each meter group, a random sample of 400 meters of the oldest vintage (years since last test date) will be tested during the first six months of a calendar year. Based upon degree of accuracy, the allowable life of the meter group will be extended by one year (above 92%), a remediation plan will be implemented to assure at least a minimum 89% accuracy level for the meter group (below 89%), or testing will be conducted on an additional 200 meters (between 92% and 89%). ANG's application states that "For each meter group, the maximum permissible vintage period will be limited to 30 years from the last test date."

Staff's response states that three meter testing variances involving meter sample testing have already been granted by the Missouri Public Service Commission (Commission) to Union Electric (UE) (Case No. GO-98-25), Laclede Gas Company (Laclede) (Case No. GO-95-320), and to the predecessor of Missouri Gas Energy (MGE) (Case No. GO-91-353). Staff has reviewed the application and finds ANG's sample program to be comparable to the meter sample testing programs being used by UE, Laclede and MGE.

In its memorandum, Staff recommends that the Commission issue an order granting ANG a three-year variance from compliance with Rule 4 CSR 240-10.030(19) as described in the application by ANG. Further, Staff recommends that ANG be ordered to reference the granted meter sample testing variance at an appropriate location in its tariff.

Each time a meter is tested, ANG visits and observes the structure being supplied gas. If fewer meters are tested, fewer structures are visited. The Commission notes its concern about decreasing the number of visits to structures being supplied gas as it relates to the opportunity to observe and remedy potentially unsafe conditions that might be found on the premises. As was discussed by the Commission in PSC Case Number GO-95-320, In the Matter of the Application of Laclede Gas Company for a Variance Waiver from the Provisions of 4 CSR 240-10.030(19), these "lost opportunities" should be recaptured by the company through the various safety programs provided by the company. The Commission would encourage Staff and ANG to explore opportunities to improve and increase the opportunities to discover potentially hazardous conditions through various gas safety measures. The resources saved by reducing the number of meters tested annually may be used by ANG to make improvements to its safety programs. Further, ANG may wish to include any findings that it makes relating to safety after reducing the meter testing visits in its annual reports to the Commission. This case file will remain open to receive its annual reports and the recommendations to be filed November 30, 2000. If ANG desires Commission review of any new safety programs, ANG may file the proposed program for review.

The Commission finds that the three-year variance as requested is reasonable and justified. ANG shall reference the variance granted at an appropriate location in its tariff. Annual reports shall be filed with the Commission in this case, including the information specified in the application, no later than January 31 following the test year. Staff and ANG shall file a report, jointly or separately, with their

recommendations for continuation or revision of the variance no later than November 30, 2000.

IT IS THEREFORE ORDERED:

1. That the Application for Variance filed by Associated Natural Gas, a division of Arkansas Western Gas Company on June 7, 1998, is granted.

2. That Associated Natural Gas shall file reference to the variance granted at an appropriate location in its tariff, and such references or revised tariff sheets shall be filed no later than August 31, 1998.

3. That Associated Natural Gas shall file annual reports with the Commission in this case including the information specified in the application no later than January 31 following the test year.

4. That the Staff of the Commission and Associated Natural Gas shall file a report, jointly or separately, with their recommendations for continuation or revision of the variance no later than November 30, 2000.

5. That this order shall become effective on July 31, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

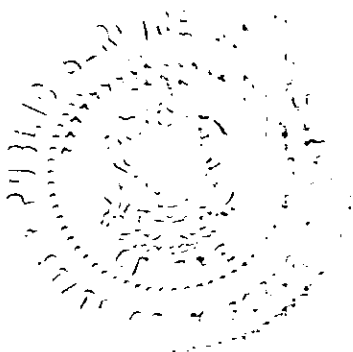
Register, Regulatory Law Judge

Atty/Sec'y: Register / Bryce
 Date Circulated: 7-10 CASE NO. CO-98-567
187
 Lumpe, Chair
 Crumpton, Commissioner
 Murray, Commissioner
 Schemenauer, Commissioner
 Drainer, Vice-Chair
 Agenda Date 7-14
 Action taken: 5-044
Cont'd to 7/21
 Must Vote Not Later Than _____
PHN

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 21st day of July, 1998.



Dale Hardy Roberts

Dale Hardy Roberts
 Secretary/Chief Regulatory Law Judge