

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

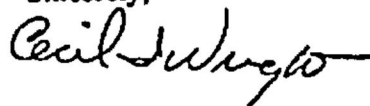
APRIL 11, 1997

CASE NO: GO-97-242

Robert J. Hack, Senior Attorney, Missouri Gas Energy, 3420 Broadway, Kansas City, MO 64111

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Cecil I. Wright".

**Cecil I. Wright
Executive Secretary**

Uncertified Copy:

**Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102
Patrick Seamands, Missouri Gas Energy, 3420 Broadway, Kansas City, MO 64111**

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of April, 1997.

In the Matter of the Application of)
Missouri Gas Energy for a Variance)
from the Provisions of 4 CSR 240-)
10.020(19) in Conjunction with a)
Previous Variance Granted by the)
Commission in Case No. GO-91-353.)

CASE NO. GO-97-242

ORDER GRANTING VARIANCE

On December 18, 1996, Missouri Gas Energy (MGE or Applicant) filed a verified request for a variance from the requirements of 4 CSR 240-10.030(19) which provides that each gas meter shall be removed, inspected and tested at least once every 120 months or more often if necessary. On December 27, the Commission issued an Order and Notice, which set an intervention deadline of January 14, 1997. No application to intervene or motion for hearing was filed.

MGE's current meter testing program was implemented pursuant to a variance from this same rule granted by this Commission on October 8, 1991, in Case No. GO-91-353. The variance granted in Case No. GO-91-353 allows the company to utilize statistical sampling methods to select meters for removal for those meter groups with accuracy rates of 90 percent. A specified percentage of meters must be tested annually. MGE proposes to modify its current meter testing program for two years. The modification would enable the company to remove older-style meters to facilitate implementation of an automated meter reading (AMR) project. The older-style meters cannot accommodate a self-contained automatic meter reading

device so MGE will retire and replace these meters with newer meters that can easily be fitted with an automatic meter reading device.

MGE states that the automatic meter reading project will allow MGE to read the meters electronically. The company indicates that the electronic meter-reading will be faster, more efficient, more accurate and safer than the current manual method. Further, MGE states that safety will not be compromised. MGE states that the automatic meter reading project is in the public interest because it is designed to enhance customer service by eliminating meter reading errors, estimated meter readings (due to lack of access) and repeat trips to customer premises to read meters. Finally, MGE's application requests that the variance continue for two years from the commencement of the installation of the automatic meter reading devices.

On February 20, 1997, the Staff of the Missouri Public Service, including members of the Energy Department and the Gas Safety Department (Staff), filed a Memorandum recommending approval of the request. Staff believes that implementation of an automatic meter reading project would result in the company's meters being read more quickly, more efficiently and with less possibility of harm to the meter readers. Staff states that expedited change-out of the older-style meters alone would result in improvement of the overall accuracy and integrity of the company's meter testing program. The Staff states that MGE has compiled detailed historic records of the accuracy rates of the various meter groups. These accuracy rates do not rapidly deteriorate for meter groups containing large numbers of meters. The Staff does not believe that temporarily decreasing the sample size for the other meter groups would result in an undetected deterioration of the accuracy rates during the proposed two-year variance period. Staff states that if for some reason the accuracy rate of a meter

group (not in the targeted groups) should deteriorate during the two-year period and not be fully realized by MGE, the lower accuracy could trigger increased meter removals at the end of the two-year variance period (due to restrictions contained in the current variance).

An important consideration in the Staff memorandum is the recommendation that the Commission order MGE to cite the variance granted in Case No. GO-91-353, and the variance in the instant case at an appropriate location on its tariff sheets. The Staff recommends that the two-year variance time period, requested in the application, begin on the effective date of the revised tariff sheets.

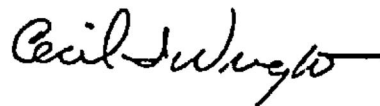
On February 26, MGE filed a Response to Staff's recommendation. MGE states it has some concern about Staff's recommendation to make amendments to the tariff to reflect the variance. On March 7, Staff filed a Reply to MGE's Response. The Staff's Reply stated that publication of this variance and the previous variance in MGE's tariffs will provide a more general and public notice of this exception to 4 CSR 240-10.030(19). The Staff's recommendation of a notation of the variance in MGE's tariffs provides a visible reminder to the public, MGE and the Staff to extend or terminate this variance as appropriate at the end of the period.

The Commission finds that MGE's application for variance is in compliance with 4 CSR 240-2.060(11), and that MGE has shown good cause to support its request for a variance from 4 CSR 240-10.030(19). The Commission will require the tariff sheet to reflect the variance granted in the instant case and also to reflect the prior variance from 4 CSR 240-10.030(19) in Case No. GO-91-353. The two-year time period of the variance granted herein shall commence on the effective date of the tariff sheets submitted to reflect the variance granted herein.

IT IS THEREFORE ORDERED:

1. That the application for a variance from the Commission's rule, 4 CSR 240-10.030(19), filed by the Missouri Gas Energy on December 18, 1996 is granted.
2. That Missouri Gas Energy shall submit tariff sheets to reflect the variance granted in Ordered paragraph 1 and in Case No. GO-91-353.
3. That this order is effective on April 22, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Zobrist, Chm., Crumpton and
Drainer, CC., concur.
McClure, C., absent.

ALJ: Hainen

ALJ/Sec'y: Hainen / Boyce

4-7 60-97-242
Date Circulated CASE NO.

V3 p. 1

Chairman
Kelly

Commissioner

Commissioner
(Signature)

Commissioner
(Signature)

Commissioner

4-11
Agenda Date

Action taken: 3-0, 1A1A

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 11 day of APRIL, 1997.

Cecil I. Wright
Cecil I. Wright
Executive Secretary