



**MISSOURI GAS ENERGY**

3420 Broadway, • Kansas City, MO • 64111-2404 • (816) 360-5755

**ROBERT J. HACK**  
SENIOR ATTORNEY

December 17, 1996

FILED  
DEC 18 1996  
MISSOURI  
PUBLIC SERVICE COMMISSION

Mr. Cecil I. Wright  
Executive Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Re: Case No. GO-97-242 - In the matter of the application of Missouri Gas Energy for a variance from the provisions of 4 CSR 240-10.030(19) in conjunction with a previous variance granted by the Commission in Case No. GO-91-353.

Dear Mr. Wright:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of an Application for Variance. Please stamp as "filed" the extra copy that is enclosed and return it to my office in the enclosed self-addressed stamped envelop.

A copy of this filing has been mailed or hand-delivered this date to the Office of the Public Counsel.

Thank you for your attention to this matter.

Sincerely yours,

RJH:bjs

Enclosures

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the matter of the application of Missouri Gas )  
Energy for a variance from the provisions of )  
4 CSR 240-10.030(19) in conjunction with a )  
previous variance granted by the Commission in )  
Case No. GO-91-353. )

Case No. GO-97-242

**APPLICATION FOR VARIANCE**

COMES NOW Missouri Gas Energy ("MGE"), by and through its counsel, and  
for its application for variance respectfully states as follows:

1. The legal name of the applicant is Missouri Gas Energy, an operating  
division of Southern Union Company which is duly incorporated under the laws of the  
state of Delaware. MGE's principal office in the state of Missouri is located at 3420  
Broadway, Kansas City, Missouri. MGE is a public utility engaged in the distribution of  
natural gas at retail in Andrew, Barry, Barton, Bates, Buchanan, Carroll, Cass, Cedar,  
Christian, Clay, Clinton, Cooper, Dade, Dekalb, Greene, Henry, Howard, Jackson, Jasper,  
Johnson, Lafayette, Lawrence, McDonald, Moniteau, Newton, Pettis, Platte, Ray, Saline,  
Stone, and Vernon Counties in Missouri, subject to the jurisdiction of the Missouri Public  
Service Commission (Commission). A copy of the Applicant's Restated Certificate of  
Incorporation, fictitious name registration, and Certificate of Authority to do business in  
the state of Missouri were previously filed with the Commission in Case No. GM-94-40.

2. All correspondence, communication, notices, orders and decisions of the  
Commission with respect to this matter should be sent to:

**FILED**  
**DEC 18 1996**  
**MISSOURI**  
**PUBLIC SERVICE COMMISSION**

Patrick Seamands  
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3. On May 7, 1991, The Kansas Power and Light Company (KPL) filed a verified request for a variance from compliance with the requirements of 4 CSR 240-10.030(19) which provides that each gas meter installed shall be periodically removed, inspected and tested at least once every 120 months or more often if necessary. On July 16, 1991, KPL filed an amendment modifying the original application. On September 10, 1991, the Staff of the Commission ("Staff") filed a memorandum supporting the granting of the variance. The Commission issued an Order Granting Variance from Compliance on October 8, 1991.

4. MGE assumed the ownership of the western Missouri properties of KPL (which had changed its name to Western Resources, Inc.) on February 1, 1994.

5. The Order of the Commission dated October 8, 1991, allowed a statistical sampling method to be utilized by KPL which calls for a percentage of meters to be selected each year for removal and testing. The method identifies certain groups of meters with common characteristics and applies a recognized statistical sampling technique to each group. MGE is continuing to administer the statistical sampling program as allowed by the Commission. For example, about 12,700 meters are scheduled for removal and

testing in 1997 and MGE believes that approximately another 12,700 will be scheduled for 1998 (a more accurate assessment of the 1998 schedule will be available in mid-January of 1997) under the variance approved by the Commission in 1991.

6. MGE plans to implement an Automatic Meter Reading ("AMR") project. Under this project, MGE will install on each of its meters an electronic sending unit which electronically "reads" the meter on which it is installed. MGE can capture these readings electronically on a much faster, more efficient, more accurate and safer basis than obtaining readings in the traditional manner. MGE has received the approval of its board of directors to commence the project. MGE is in the process of negotiating and finalizing contracts and expects to start installation of the devices in early 1997.

7. MGE presently has about 6,750 meters in service with a casing made of tin plate. These older-style meters are typically found inside customers' basements since the tin casing was not designed to, and does not, survive well when exposed to extreme weather conditions. The inside location of these meters requires that they be read by the customer or that a representative of MGE be given access to the customer's premises to perform the reading. As a result, reading of tin meters is typically less efficient than the reading of more modern "outside" meters and, when access is limited, estimated meter readings result. No one manufactures an AMR device for tin case gas meters.

8. Also as of year-end 1996, MGE has in service approximately 800 iron case meters and approximately 30,400 aluminum case meters the meter index to which AMR modules cannot be connected directly. These meters, also of older vintage, are referred to herein as "targeted" iron case meters and "targeted" aluminum case meters. Instead of

being directly connected, AMR modules must be mounted remotely and connected by wire to the meter index of targeted iron case meters and targeted aluminum case meters. Remote mounting and wiring AMR modules to targeted iron case and targeted aluminum case meters produces lower reliability than direct mounting because the wiring is exposed and, hence, susceptible to incapacitating damage. To enhance AMR reliability, MGE desires to limit the remote installation of AMR modules.

9. As indicated above, the current variance granted by the Commission results in the planned removal and testing by MGE of approximately 12,700 gas meters during each of the years 1997 and 1998, for a two-year total of approximately 25,400. Of that 25,400 total, approximately 4,800 would be meters of the tin type described above (2,400 in 1997 and 2,400 in 1998), approximately 160 would be targeted iron case meters (80 in 1997 and 80 in 1998), approximately 2,180 would be targeted aluminum case meters (1,090 in 1997 and 1,090 in 1998) and 18,260 would be meters of other types (9,130 each in 1997 and 1998).

10. Because tin meters are incompatible with any known AMR device, and because the remote installation of AMR modules necessary on targeted iron case meters and targeted aluminum case meters produces a lower level of reliability than direct mounting, MGE requests a temporary modification of the current variance from the Commission which would expedite the removal and replacement of all tin meters, all targeted iron case meters and a substantial segment of targeted aluminum case meters over a two-year period. Thus, instead of removing and testing 25,400 meters over that two-year period of the types and quantities described in paragraph 9, MGE proposes to

remove and replace the same number of meters during the years 1997 and 1998 concentrating on the elimination of tin case, targeted iron case and targeted aluminum case meters, as follows (quantities are approximate):

- 6,750 Tin Meters
- 800 Targeted Iron Case Meters
- 14,150 Targeted Aluminum Case Meters
- 3,700 Other Meters with an accuracy rating of less than 90% in accordance with the current variance

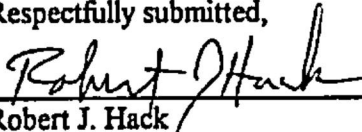
In 1999, after completion of the AMR project, MGE would return to the method approved by the Commission in 1991 in Case No. GO-91-353. If this proposed variance is approved, a substantial number of the older meters currently in service will have been removed and replaced in 1997 and 1998, thus resulting in a proportionately higher number of newer meters to be examined under the meter accuracy testing program in succeeding years than would have resulted under the current procedure. As a consequence, granting of this proposed variance should enhance the accuracy and integrity of MGE's meter testing program.

11. MGE submits that safety will not be compromised by the granting of this variance since it does not relax any existing safety standard relating to natural gas service. The granting of the variance is in the public interest because it is designed to enhance customer service by eliminating human-produced meter reading errors, estimated meter readings due to lack of access, and repeat trips to customer premises to read meters.

WHEREFORE, MGE requests that the Commission grant a variance to MGE, in conjunction with and as a temporary modification to the variance granted in Case No. GO-

91-353, which would allow MGE, in conjunction with the AMR project, to modify for a two-year period as described in paragraph 10 the meter removal and testing procedure approved in that case. The initiation of the installation of devices for the AMR project is scheduled to begin early in 1997. This temporary modification of the current variance would allow for the accelerated replacement of all tin case meters, all targeted iron case meters and a substantial portion of targeted aluminum case meters in service to be credited as a part of the overall annual amount otherwise required to be removed and tested under the current variance. Because the replacement of these meters may not occur within calendar years 1997 and 1998, MGE requests that the variance continue in effect for two years from the commencement of the installation of devices for the AMR project.

Respectfully submitted,



Robert J. Hack  
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FAX #: (816) 360-5554

MO # 36496

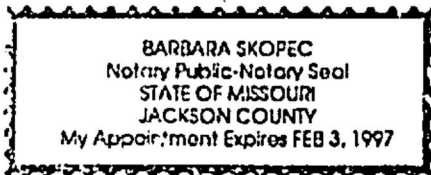
VERIFICATION

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF JACKSON    )

On the \_\_\_\_ day of December, 1996, before me appeared Patrick A. Seamands, to me personally known, who being by me first duly sworn, states that he has read the above and foregoing document and believes that the allegations therein are true and correct to the best of his information

Patrick A. Seamands  
Patrick A. Seamands

Subscribed and sworn to before me this 17<sup>th</sup> day of December, 1996.



Barbara Skopec  
Notary Public

My Commission Expires: February 3, 1997

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served via U.S. Postal Service, postage pre-paid, this 17<sup>th</sup> day of December, 1996, upon:

Martha S. Hogerty  
Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

Robert J Hawk