

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GE-2024-0345

FROM: Brodrick Niemeier, Associate Engineer, Engineering Analysis Dept.
Claire M. Eubanks, PE, Engineer Manager, Engineering Analysis Dept.
Industry Analysis Division

/s/ Brodrick Niemeier / 07-25-2024
Engineering Analysis Department

SUBJECT: Staff Recommendation Regarding Summit Natural Gas of Missouri Request
for Variance

DATE: July 25, 2024

STAFF RECOMMENDATION

Executive Summary

On May 24, 2024, Summit Natural Gas of Missouri, Inc. (“SNGMO” or “Company”) filed its Motion for a Variance from the Commission’s Order Approving Stipulation and Agreement (“Motion”) issued on September 5, 2018, in GE-2018-0193. The Motion requests the Commission grant a fourth variance¹ from its September 5, 2018 Order Approving Stipulation and Agreement (“2018 Stipulation”) as it relates to the SNGMO’s Meter Testing Catch-Up Program. More specifically, SNGMO requests an additional six months to complete its four-year catch-up program (Paragraph 4(D) of Appendix A of the 2018 Stipulation), moving the completion date to June 30, 2025. Additionally, SNGMO would like to transition their Meter Sampling Pilot Program into a permanent variance starting January 1, 2025.

Staff recommends the Commission approve SNGMO’s Request for a six-month extension for the Catch-Up Program, moving the completion date to June 30, 2025. Staff further recommends the Commission approve SNGMO’s request for a permanent variance from its Meter Testing Rule.²

¹ The first three Variances were filed within Case GE-2018-0193, and were requested due to the COVID-19 Pandemic and its effects on labor and supply chains.

² To include the statistical sampling of American AC-250 meters and the catch-up program for non-American AC-250 meters.

Finally, Staff recommends the Commission order SNGMO to continue filing a report with the Commission³ detailing its progress towards compliance with the 2018 Stipulation on or before September 30 of 2024 and 2025, and retain this information thereafter so that it can be provided to Staff upon request during future rate cases. This report should contain the same details as the report filed in September 2023, and are as follows:

- Number of remaining meters required to be tested to complete catch-up program⁴;
- Summary of test results by Group as defined by the 2018 Stipulation Appendix A;
- Description of impacts to annual meter testing target, including but not limited to supply-chain issues, internal constraints, and third-party testing; and
- Plans to address impacts to annual meter testing target, including but not limited to, the re-evaluation of staffing and third-party contracts.

OVERVIEW

In its 2018 Application, SNGMO proposed a meter sampling program as an alternative method to Commission rule 20 CSR 4240-10.030(19), which requires that each gas service meter installed shall be periodically removed, inspected, and tested at least once every 10 years or as often as the results warrant.

SNGMO's original Application requested a meter-sampling program that would apply to all meters sized less than 500 cubic feet per hour. SNGMO, Staff, and OPC⁵ negotiated the 2018 Stipulation to allow statistical sampling of only the American AC-250 meters⁶ for a four-year test program (i.e. Paragraph 4(C) of Appendix A of the 2018 Stipulation). SNGMO agreed to continue to test other meter groups (i.e. meters of a similar size and manufacturer) annually "in an effort to be in full compliance with" Commission rule 20 CSR 4240-10.030(19) by December 31, 2022. The catch-up program specified the target number of non-American AC-250 meters SNGMO would test in each year from 2019-2022 (i.e. Paragraph 4(D)).

³ File in the Commission's electronic filing system referencing GE-2018-0193.

⁴ This value fluctuates as new meters are added and older meters are removed.

⁵ Office of the Public Counsel ("OPC").

⁶ Class 250 meters are diaphragm meters and are designed to measure gas flow between 250-275 cubic feet per hour. American AC-250 refers to Class 250 meters manufactured by American Meter Co.

The 2018 Stipulation covers two distinct meter testing programs (a four-year test program and a four-year catch-up program), a field-verification project, and reporting requirements. In its Motion, SNGMO seeks a variance from Paragraph 4(D) of Appendix A of the 2018 Stipulation relating to the four-year Catch-up Program (non-American AC-250 meters). It would also like the Commission to approve its Pilot Program being expanded and made permanent.

The Commission previously granted a variance from the four-year test-plan sampling of American AC-250 meters for 2020⁷, 2021⁸, and 2023 due to COVID-19 impacts to meter testing.

The Meter Testing Pilot Program that SNGMO has requested to be expanded and made permanent is in line with other permanent variances approved by the Commission.

DISCUSSION

SNGMO's Meter Testing Pilot Program has been completed. This pilot was planned to be completed by the end of 2022, however, the COVID-19 lockdown and its effects caused the company to fall behind this deadline. In 2023, the company received a two-year extension which placed the completion date at December 31, 2024. SNGMO has successfully found and is in the process of analyzing multiple failed lots. ** [REDACTED]

[REDACTED] ** The company is in the process removing and replacing additional samples to aid in determining the cause of these failed lots.

SNGMO's requested variance is similar to other variances approved for other companies. While some companies request variances on meters with a capacity of 450 cubic feet per hour (cfh), Ameren Missouri has been approved for its meter test plan to include meters with capacities up to 660cfh, making SNGMO's request of 500cfh capacity meters not unreasonable. Some company's variances explicitly state the design and material of construction for the meter's case,⁹ SNGMO does not describe meters this specifically, however, all meters currently in-service and less than 500cfh are diaphragm type, aluminum case meters.¹⁰ This is the same construction of meters allowed in other company's testing programs. In other company's variances,

⁷ Commission Order Approving Variance in GE-2018-0193, effective October 21, 2020.

⁸ Commission Order Approving Variance in GE-2018-0193, effective September 23, 2021.

⁹ GE-2023-0196, Empire Gas's most recent approved meter sampling variance defines meters as "a hard case diaphragm type gas meter with a flow capacity of less than four hundred fifty cubic feet per hour".

¹⁰ Staff Data Request No. 0003.

Staff has been concerned with meters that reach 30 years in service without being tested, as companies are required to test for leaks when meters are removed, helping ensure that customer's services are tested for safety at a minimum of once every 30 years. SNGMO's variance does not have this problem, as according to the response to Staff Data Request No. 0002, all meters that reach 30 years of in-service are no longer eligible for the Meter Testing Variance and are thus all pulled and tested after 30 years in-service.

In the 2020, 2021, and 2023 variances, SNGMO described impacts to its meter testing programs related to the COVID-19 pandemic. Specifically, SNGMO suspended meter removals that would require entry to customer facilities. In the past, SNGMO has also cited shortcomings in testing due to the length of the COVID-19 pandemic, operational limitations, and third party testing facilities restrictions.¹¹

SNGMO has proposed a 6-month extension on its Meter Catch-up Program. In the 2023 variance request, SNGMO originally asked for a three year extension to December 31, 2025. Staff had concerns with an originally 4-year catch-up program being almost doubled in a single variance, especially due to the safety concerns relating to leak testing that occurs when gas meters are removed. Meters, some of which have not been removed in over 25 years¹² are still waiting to be pulled and tested. Additionally, as the company prioritizes these older meters, it falls behind in testing meters that have recently hit 10 years since last being removed and tested. These newer meters are then put into the catch-up program. Once the catch-up program is complete SNGMO will no longer be required to test an increased number of meters each year. In the 2023 variance, SNGMO stated that the total number of 2,600 meter tests Staff suggested was aggressive,¹³ but that it would attempt to meet it. In 2023, a total of 2,662 meters were tested, and the company plans to test at least another 2,662 in 2024. This however, will leave 627 meters still requiring removal and testing in 2025. Due to the fact that SNGMO has strived to meet the requested 2,600 meter tests goal, and that a limited number of meters are left to test, Staff is reasonably confident that

¹¹ GE-2018-0193 Third Motion, Page 3.

¹² Staff Data Request No. 0001 of GE-2024-0345: As of June 6th, 2024, one meter installed in 1995, 55 meters installed in 1996, 60 meters installed in 1997, and 35 meters installed in 1998 have not been removed in 25 years.

¹³ The 2,600 meter test number was determined using SNGMO's historical testing rates.

SNGMO will not need any more than this 6-month catch-up program extension and thus recommends the Commission approve it.

In the 2023 extension request, Staff requested additional details and a modified due date for the yearly report SNGMO was to provide to the Commission concerning the Catch-up Program and Meter Testing Pilot Program. Staff would like SNGMO to continue providing this report for 2024 and 2025. Staff notes that SNGMO failed to include a description of impacts to annual meter testing target, including but not limited to supply-chain issues, internal constraints, and third-party testing; and plans to address impacts to annual meter testing target, including but not limited to, the re-evaluation of staffing and third-party contracts in its report, but Staff also recognizes that SNGMO did meet the 2023 meter testing goal. Staff recommends the Commission order SNGMO to continue providing this report through 2025, and retain this information thereafter so that it can be provided to Staff upon request during future rate cases.

CONCLUSION

The Staff has reviewed the Company's Motion, its previous annual reports, and data request responses. Staff recommends the Commission grant SNGMO a six-month extension for its Meter Catch-up Program and move the completion date to June 30, 2025. Staff further recommends the Commission approve SNGMO's request to expand its Meter Testing Pilot and make it permanent. Finally, Staff recommends the Commission order SNGMO to continue submitting reports on the Catch-up program and the new Meter Testing Program through 2025, and retain this information thereafter so that it can be provided to Staff upon request during future rate cases. Staff has found that SNGMO is testing the required number of meters each year and will complete the Catch-Up Program by the end of the June 2025 if it continues to test meters at the current rate. Additionally, SNGMO's Meter Program is in line with other Meter testing variances in the state and it is successfully identifying and addressing failed meter lots.

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

In the Matter of the Application of Summit)
Natural Gas of Missouri, Inc. for a)
Variance from the Provisions of) Case No. GE-2024-0345
Commission Rule 20 CSR 4240-)
10.030(19) to revise its Meter Testing)
Program)

AFFIDAVIT OF BRODRICK NIEMEIER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Brodrick Niemeier, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

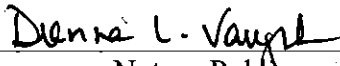
Further the Affiant sayeth not.



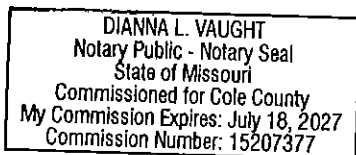
Brodrick Niemeier

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 24th day of July 2024.



Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION
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Natural Gas of Missouri, Inc. for a)
Variance from the Provisions of) **Case No. GE-2024-0345**
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10.030(19) to revise its Meter Testing)
Program)

AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Claire M. Eubanks, PE, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

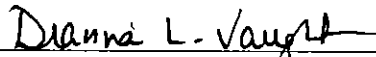
Further the Affiant sayeth not.



Claire M. Eubanks, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 24th day of July 2024.



Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
