- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of QUESTAR GAS COMPANY for Modification of its Natural Gas Meter Testing Procedures	)))	DOCKET NO. 00-057-06 INITIAL ORDER

ISSUED: May 31, 2001

SYNOPSIS

By this Order, the Commission initially adopts a revision to Questar Gas Company's meter testing and replacement policy as described in an April 10, 2001 Joint Stipulation on Issues. The new meter testing standards increase confidence in sampling which reduces testing costs, according to the Stipulation. The Initial Order will become final if no objection is submitted within twenty (20) days from the date of service of the Initial Order.

By The Commission:

PROCEDURAL HISTORY

1. On September 5, 2000, QUESTAR GAS COMPANY (QGC or the Company) submitted an application with the Public Service Commission of Utah (Commission), seeking a revision to the Company's currently authorized meter testing procedures.

2. Currently, the Company tests meters pursuant to standards set by the Commission in Docket No. 78-057-12. This meter testing plan was based on a sampling of methodology used by the U.S. Military pursuant to military standard Mil-Std-105D.

3. Subsequent to the filing by the Company, representatives of the Division of Public Utilities (Division) and the Committee of Consumer Services (Committee) initiated discovery to determine whether the proposed meter testing revisions were in the public interest.

4. In response to the data requests, the Company modified the changes originally requested in the Application.

5. After the amendments to the Application, representatives of the Company, Division, and Committee (collectively, the Parties) discussed the Application and the Company's proposed revisions.

6. On April 10, 2001, the Company and the Division (Stipulating Parties) submitted a Joint Stipulation on Issues (Stipulation) to the Commission, seeking to dispose of the issues in this case. Specifically, the Stipulation describes a proposed meter testing program that, according to the Stipulation and the descriptive transmittal letter of the Company's counsel, will increase the reliability of meter tests while saving costs.

The Stipulation

7. The technology and materials, involved in manufacturing gas meters, has improved significantly. As stated in the transmittal letter, the Company has discovered that during the late 1990's, the only meter lots being rejected were made of cast iron. Because these meters have been phased out and new and improved aluminum meters have been used in all new lots, the Company requested in 1998 to implement a plan to discontinue the testing of cast iron meters and remove them all within five years. The Commission approved this request in Docket No. 98-057-03.

8. As described in the Stipulation, the Stipulating Parties proposed moving from the current Inspection Level II to the proposed Inspection Level I. Holding everything else constant, this change would increase the probability of accepting an "inaccurate" meter lot or batch.

9. The Stipulation discusses "Acceptable Quality Level" (AQL) as that term is defined in Section 4 of Exhibit 1 of the Stipulation. Under the currently approved sampling plan for the Company, an AQL of 6.5 is acceptable. This means that 6.5% is the maximum percentage of unacceptable meters of any sample meter lot or batch which would be allowable without disqualifying the batch. In other words, 93.5% of any sample meter group would be satisfactory or accurate. Under the stipulated sampling plan, an AQL of 4.0 would be used, thus requiring a higher percentage of accurate meters (i.e., at least 96%) under the new plan. This increases the probability of rejecting an accurate meter lot or batch. According to the Stipulation, this tightening of the AQL has the effect of mitigating the increased probability of accepting an "inaccurate" meter lot or batch resulting from the change Inspection Levels described in Paragraph 7.

10. Since 1978, a meter has been considered acceptable, for sampling purposes, if the amount of gas recorded by the meter is within plus or minus 3% of the actual through put. In the Stipulation, the Parties have agreed to tighten the standard, requiring a through put accuracy of plus or minus 2%. The Stipulation states that this is consistent with current industry standards.

11. In Docket No. 78-057-12, the Commission set at Average Outgoing Quality (AOQ) for use in meter sampling. The Order stated "any plan adopted for meters and service must provide an Average Outgoing Quality (AOQ) of no greater than 8% on the basis of single meter accuracy of plus or minus 3%." The Stipulation states that the sampling plan agreed upon by the Parties in this docket maintains the limit of no greater than 8% and, in fact, improves the AOQ for each batch or lot tested by reducing a single meter accuracy from plus or minus 2%.

12. Currently, the Company is required to test each lot of meters within a specific time frame, based on the characteristic of the meter. Thus, residential meters must be tested within ten years, commercial meters within three years, and industrial and turbine meters within two years (with one year testing for orifice meters). Because of the increase accuracy of meters generally, the Parties have stipulated to a revised testing and replacement schedule as set forth on page 7 of the Stipulation. This Table sets a testing period from three to fifteen years based on the capacity of the meter. In addition, under the current testing plan, the time period allowed for replacement of all meters in the rejected lot is two years. Under the Stipulation, the Parties have agreed upon a three year period for replacing such meters. This is warranted due to reduced sampling sizes and fewer employees being dedicated to meter testing and replacement. The Stipulating Parties also agreed that, if a rejected lot is very large, an extension to the three year replacement period may be requested from the Commission.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Stipulating Parties have agreed upon a revised sampling plan that will result in a reduction in the number of meters tested each year. In addition, the accuracy expected on the system will improve. The definition of a "bad" meter will change from a plus or minus 3% metering error to a plus or minus 2%. In addition, the maximum number of bad meters that are statistically expected in the system will be reduced from about 8% to less than 7%.

2. The Commission finds that the revised meter testing and replacement plan proposed by the Company and the Division will result in increased accuracy, confidence, and reliability while reducing meter testing costs in its implementation.

3. The Commission finds that the meter testing Stipulation, as filed by the Parties on April 10, 2001, is in the public interest and should be implemented on an initial basis for a period of twenty (20) days, which will become final if no objection is received during this initial period.

Based upon the findings of fact and conclusions of law, the Commission makes the following:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the Commission adopts the April 10, 2001 Joint Stipulation on issues submitted on the above-entitled docket on an initial basis pursuant to Utah Code Ann. §§ 54-7-12(5) for a period of twenty (20) days. If no objection, by interested parties, is received by the Commission within this initial period, this Initial Order shall become final by operation of law.

DATED at Salt Lake City, Utah, this 31st day of May, 2001.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary