

STAFF MEMORANDUM

June 18, 2009

**Montana-Dakota Utilities Co., a Division of MDU
Resources
Gas Meter Testing Plan - Deviation
Application**

Case No. PU-09-174

On April 16, 2009, MDU filed a request to deviate from its existing gas meter testing plan, and a request for approval of a gas meter testing plan for calendar year 2009.

Under MDU's existing plan approved by the Commission on May 14, 1973 in Case No I-5083:

- New meters will be tested on a random sample basis of 5 percent of the total received.
- Active meters are assigned to lots (groups), and a sample of meters is tested each year from each lot.

69-09-01-14 requires that all service meters be tested and adjusted at least once in every eight years, or in accordance with a plan approved by the Commission.

69-09-01-16 requires that each utility annually file a summary report of meter tests made during the year.

MDU's meter testing year is from April 1 to March 31. MDU deviated from its existing plan in that meter testing and meter test reporting was suspended after March 31, 2007 while MDU was implementing its Automated Meter Reading (AMR) Program. Under the AMR Program, MDU replaced approximately 10,000 gas meters and retrofitted the majority of the active gas meters with a module that provides the remote read function. The module does not affect portion of the meter that measures the volume of gas and it does not affect the accuracy of the gas measurement.

The most recent annual meter testing report filed by MDU on December 12, 2008 presented results from the April 2006 through March 2007 gas meter testing program. MDU did not perform random meter testing during the April 2007 to March 2008 program year. MDU did not reinstitute random meter testing during the April 1, 2008 to March 31, 2009 program year. Beginning January 2009, MDU began

resampling/testing meter groups that experienced a first year fail during the April 2006-March 2007, and test results will be reported to the Commission by July 1, 2009.

MDU states that Meter groups that experienced a second year fail during the April 2006-March 2007 test year are being removed from service as MDU is able to schedule with the customer. MDU states that this removal is largely complete.

MDU proposes to reinstitute its existing meter testing plan in 2009 with testing for the April 2009-March 2010 program year completed by April 1, 2010 and results reported by July 1, 2010.

MDU has not complied with its existing gas meter testing plan. Staff believes that requests for deviation are appropriate in advance of the action. There is no need to approve MDU's proposal to reinstitute its existing plan since the existing gas meter testing plan has not been discontinued. However, the Commission may want to establish a due date(s) for future reporting and MDU should include the due date(s) in the current plan. Staff recommends that MDU convince the Commission that all meters currently in service are measuring and metering gas accurately. Helpful information may include (1) evidence of the accuracy of the meters installed under the AMR Program with a report of the results of MDU's sample testing of those meters prior to installation and after installation, (2) a list of non-AMR meter vintages (lots/groups) and the number of those meters in each that are in service and the results of the most recent testing of those meters, (3) a report by vintage (lot/group) of the number of non-AMR meters in service that will not be replaced in the AMR Program and whether those meters are located in rural areas more likely subject to estimated meter reading during inclement weather.

MDU has similar issues with its electric meter testing program.

PJF