

May 31, 2006

John Spirito, Esq.
Hearing Officer
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: D-06-15, Regulations Prescribing Standards for Gas Utilities

Dear Mr. Spirito:

On May 8, 2006, the Rhode Island Division of Public Utilities and Carriers ("Division") held a public hearing in the proceeding docketed as Docket No. D-06-15, "In Re Rules and Regulations Prescribing Standards for Gas Utilities, Master Meter Systems and Jurisdictional Propane Systems" ("Proposed Standards"). At that hearing, the Division's witness, Donald A. Ledversis, the Division's Gas Pipeline Safety Engineer, offered testimony regarding the Proposed Standards as proposed for promulgation.

New England Gas Company ("Company" or "NEGC") attended the hearing and through its counsel offered comment and concern with several points raised in the Proposed Regulations. To that end, the Hearing Officer directed the Division and the Company to meet and discuss the two specific issues of spin testing and the appropriate definition of a meter in a technical session format. The Company is glad to be able to report that both parties met on May 10, 2006, and were able to resolve those issues to their satisfaction. The Division has prepared a memorandum to the Hearing Officer detailing proposed modifications that are satisfactory to both the Division and NEGC, and the Company has signed off on that memorandum and revised language as sufficient for the purposes of the Proposed Standards.

In addition to meeting with the Division on these two issues, the Hearing Officer also charged the Company with providing information on two outstanding issues: 1) meter inventory; and 2) the timeframe allowed for estimated reads in the event of a meter that does not register gas consumption ("DR Meters") (See Transcript at 41-42, 53).

With regard to the questions pertaining to meter inventories, the Company offers the following information. First, the Company does not track how many meters it has in storage that have been there over twelve-months. As a general rule, NEGC endeavors to return meters to service as quickly as possible, and in the case of those meters registering 500 cubic feet per hour ("cfh") or less, over 92 percent of NEGC meters are returned to service within twelve-months.

Meters in excess of 500 cfh may be found in stock in excess of twelve-months for several reasons: (1) there is less demand for these meters; (2) the lead time for order and replacement of these meters is typically a minimum of three months, but if the manufacturer has their production schedule booked it could be significantly longer; (3) the Company typically carries stock to insure that replacements are available for all sizes in the event of failures and unforeseen needs such as replacement for vandalized, tampered with, frozen, stuck and other non-registering meters; and (4) some meters are removed from service, not replaced, and remain in stock. Therefore, by keeping meters in stock, NEGC has the advantage of being able to insure that it has an adequate inventory available to respond to our customers' needs and the demands of the natural gas distribution business. The chart provided below displays the Company's meter inventory as of May 10, 2006:

	<u>New</u>	<u>Ready for Service</u>	<u>Total</u>
175 / 250 class	1637	731	2368
400 / 630 class	156	95	251
800 / 1000 class	102	38	140
1400 class	0	7	7
2300 class	0	23	23
5000 class	0	16	16
Rotaries	63	43	106
Turbines	0	20	20
	<hr/> 1958	<hr/> 973	<hr/> 2931

Regarding the costs associated with requiring outsourced meter tests for every high-volume meter in our stockroom inventory beyond twelve-months, the Company offers the following pricing considerations. On average, a high-volume turbine meter tested at atmospheric conditions costs an average of \$215 to \$340 per meter. That same meter tested for high pressure compliance ranges from \$675 to \$925 depending on the size of the meter. While certainly the possibility exists that a particular meter could be damaged or otherwise not within acceptable limits, there is no evidence to suggest that this is a normal or common occurrence, nor that there is a likelihood that such will become the case. Further, requiring all meters to be retested after a period of twelve-months or more is arbitrary and creates unnecessary costs that have to be borne by our customers with no apparent benefit. Therefore, the Company would renew its request that the language found in § 15(a)(v) relative to retesting procedures for meters in storage over a twelve-month period be stricken from the promulgated regulations.

With regard to the procedures to be followed and the timeframes allowable to collect for estimated reads on DR Meters, the Company offers the attached timeframes for collection procedures for both estimated reads as well as for the

approach to be used in conjunction with the Division's assistance to gain access for DR Meters. As this attachment will show, the Company takes very seriously the need to gain access to a premise in the event of a DR Meter, due in large part to the potential safety considerations that exist when such a circumstance goes unresolved. With that concern in mind, the Company has developed a process by which with the Division's assistance where necessary NEGC would gain access to any premise with a DR Meter within three and a half months after recognizing that the DR Meter exists at the premises.

This policy will insure that the Company is taking every action possible to provide safe and reliable natural gas service to its customers. While the policy as proposed should allow for access and recovery of DR Meters within three and a half months, external issues beyond the Company's control, including customer protection status, absence of the customer, and weather must be considered when determining the appropriate timeframe for allowance of estimated reads. Since under this proposal, the Division will become involved at three and a half months, it is foreseeable that more time beyond that will be necessary to resolve the issue. Therefore, the Company would recommend that the Division amend the language in the last line of § 18(c) to read as follows:

"In no case will the LDC be allowed to recover billing for unaccounted for gas past four (4) months of non-registration of the meter, or, if the meter has an attached AMR device, the non-registration of the meter and the non-registration of the AMR device, unless the LDC seeks the assistance of the Division to gain access to the premises and resolution of the situation through such assistance, within the four months provided herein."

Thank you for the opportunity to provide these comments and clarifications for your consideration. Should you require any further details regarding these issues, please contact me directly at (401) 574-2005.

Sincerely,

David Black
Vice President & General Counsel

enclosures

cc: William Lueker, Special Assistant Attorney General
James Lanni, Division
Donald A. Ledversis, Division

Possible DR Meters
Active Meters with Zero Consumption

Month 1

1. Attempt a telephone call to customer during regular business hours as soon after meter appears in the exceptions as possible (no later than 5 business days) to verify gas usage and/or schedule necessary meter change
 - a. If no answer, attempt after 5 p.m.
 - b. If not successful – attempt on the following two consecutive Saturdays
2. No telephone number or no answer on all telephone attempts
 - a. Send letter 1
 - b. Note in Advantage
3. Update DPU spreadsheet (spreadsheet will include the following information:
 - a. Customer and premises number, customer name and address, telephone number, cycle, meter number, type of service – residential or commercial – number of months suspected DR, dates of all letters, date and time of phone contacts, service order dates and comments.)

Month 2

1. Repeat telephone call attempts as in Month 1
 - a. Regular business hours, after 5 and on Saturdays
2. No telephone number or no answer on all telephone attempts
 - b. Send letter 2
 - c. Note in Advantage
3. 10 days – no response
 - a. Issue Possible DR meter orders to have meter pulled and tested

Month 3

1. Send spreadsheet to DPU to request assistance in gaining access to the meter. (Spreadsheet will include the following information:
Customer and premises number, customer name and address, telephone number, cycle, meter number, type of service – residential or commercial – number of months suspected DR.)
2. Letter and telephone call process are repeated in an attempt to gain access
3. Just prior to forwarding information to the DPU premises is researched for curb valve (10 days after Month 3, step 2 complete)

- a. Existing curb valve at premises – request may be issued to have a collector post the property and an order issued to shut the gas off at the curb. DPU will be notified.
- b. No existing valve at premises – request may be issued to Construction to install a curb valve. DPU will be notified.

Customer protection status and weather will be considered and the Company will rely on direction and support of the DPU in the action taken.