

CGV's Master Meter Conversion Strategy

Brian Roberts
Operations Compliance Manager


A NiSource Company



Why Convert Master Meter Systems?

- **Most master meter operators have limited knowledge about code, maintenance practices, or pipeline safety**
- **As a consequence many master meter operators O&M plans, emergency plans, or OQ plans are insufficient from a compliance perspective.**
- **From a public perception, a significant event on a master meter facility would be difficult to separate the local utility and master meter operator from the repercussions.**
- **Improve public safety.**

CGV Background with Master Meter Conversions

- **CGV has converted approximately 30 master meters since 2007**
- **CGV is currently serving 41 known active master meters**
- **CGV has implemented a new program, through a tariff revision, to convert them to Company owned facilities**
- **Tariff language relative to master meters was approved 4/30/2015 as part of CGV's 2014 base rate case final order.**
- **Final order was approved by the Commission on 8/21/2015.**

Tariff Language Highlights

- **Upon the request of a Master Meter Operator, the Company may**
 - **Replace and subsequently own and operate distribution facilities installed in place of a Master Meter Operator's natural gas distribution facilities or,**
 - **At the Company's sole discretion, otherwise acquire all or a portion of a Master Meter Operator's natural gas distribution facilities.**

A Master Meter System replacement, or acquisition, will require the Master Meter Operator to consent to the replacement pursuant to the terms of an executed line extension agreement.

- **A Master Meter System, for purposes of this Section, excludes Master Meter Systems serving non-jurisdictional federal, state or local government buildings such as federal military installations, public housing complexes, and the Washington Metropolitan Airport Authority.**

Tariff Language Highlights

- **The Company will generally prioritize higher risk Master Meter Systems (e.g. bare steel, cast iron, or other facilities identified through an integrity management type of review process) in soliciting and selecting investments among multiple Master Meter Systems to be replaced (or acquired).**
- **The Company will review the Master Meter prioritization annually with the Commission's Division of Utility and Railroad Safety in an effort to reach a consensus on the replacement prioritization.**
- **The costs of Master Meter Relocations incurred by the Company under this Section shall be recoverable through base non-gas rates.**
- **However, the Company shall not be obligated to spend more than \$1,000,000 in any calendar year to replace (or acquire) Master Meter Operators' piping and facilities located downstream of existing Master Meters.**

Actions to Date

- **Met with SCC on 3/20/2015 to discuss strategy and make up of team that would prioritize conversions based on risk.**
- **Team consists of SCC Staff, CGV Construction, Compliance, Engineering, New Business, Legal, and Operations**
- **Met with SCC on 5/1/2015 to discuss properties to initiate conversions**
- **Follow up meetings on 7/20/2015 and 9/28/2015**
- **To date, CGV has begun working 4 projects totaling \$1,315,592 and are at various stages from contract negotiations (locations of meters for example), design, and construction should begin soon on one property and possibly completed in 2015**
- **CGV has contacted a management group that runs 3 properties**

Challenges

- **Defining our internal processes**
- **Early discussions with master meters**
- **Working on the highest risk conversions while considering operational challenges**
- **Risk ranking**

Path Forward

- **Work closely with SCC to confirm ranking appropriately.**
- **Expect to be able to manage the \$1 million calendar year spend once program is fully implemented.**
- **Current projections indicate that the master meter conversion program will be at least a 15-year program, depending on size and cost of the individual conversions.**