

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Re: Petition of Peoples TWP,
LLC and Peoples Natural
Gas Company, LLC for
Approval of their Long-Term
Infrastructure Improvement
Plans and Distribution
System Improvement
Charges.

Public Meeting: May 23, 2013
2344595-TUS; 2344596-TUS
Docket Nos. P-2013-2344595 and
P-2013-2344596.

STATEMENT OF COMMISSIONER CAWLEY

Before the Commission is the 2013 Petition of Peoples TWP, LLC (TWP) and Peoples Natural Gas Company, LLC (Peoples) for approval of their Long-Term Infrastructure Improvement Plans (LTIIP) and Distribution System Improvement Charges (DSIC).

As part of this Petition, the Commission is asked to approve cost recovery for certain standard meter replacement investments for both TWP and Peoples. As more specifically provided in its LTIIP, TWP proposes to install an estimated 1,200 meters per year during the 5-year LTIIP period relative to a rate of meter replacement of 1,612 meters for the last 5-year period of 2007-2011. This projected replacement rate represents a 2% meter replacement rate* each year, which, based on both 5-year historical replacement rates and overall replacement rates, is a decrease, not an acceleration of infrastructure investment.

Similarly, Peoples proposes to install an estimated 12,000 meters per year during the 5-year LTIIP period, relative to a rate of meter replacement of 13,350 per year for the last 5-year period of 2007-2011. The projected replacement rate represents a 3% meter replacement rate each year. Again, this is a decrease, not an acceleration of infrastructure investment. A goal of the DSIC is to accelerate infrastructure replacement.

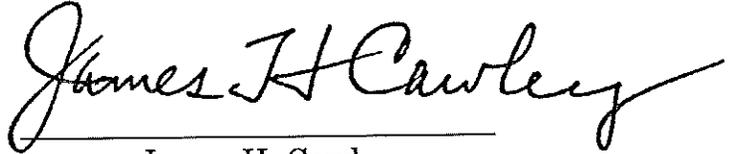
It is clear that Peoples and TWP are accelerating infrastructure investment *overall*, so it is appropriate to approve this LTIIP. However, it is not clear from our previous implementation orders whether all utility investments for listed equipment used to replace existing infrastructure pursuant to Act 11 of 2012, 66 Pa.C.S. § 1351, are subject to DSIC recovery if the overall infrastructure investment objectives are met and maintenance is

* Average depreciation rate for all meters ranges between a 3% and 4% annual accrual rate which translates into a service life between 33 and 25 years.

maintained, regardless of whether the replacement of certain aspects of the infrastructure is not accelerated.

It is encouraging that Peoples and TWP are significantly accelerating infrastructure investment in mains and service lines. However, interested parties should address this issue more directly in future proceedings. In this proceeding, the issue appears to have been decided by default without adequate discussion.

May 23, 2013.

A handwritten signature in black ink that reads "James H. Cawley". The signature is written in a cursive style with a long horizontal flourish extending to the right.

James H. Cawley
Commissioner