**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held June 30, 2016

Commissioners Present:

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| Gladys M. Brown, Chairman  Andrew G. Place, Vice Chairman |
| John F. Coleman, Jr. |
| Robert F. Powelson  David W. Sweet |

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| Petition of Peoples Natural Gas Company,  LLC for Approval of its Amended Second Revised Long-Term Infrastructure Improvement Plan for its Peoples Division and Equitable Division | Docket Numbers:  P-2013-2344596  P-2013-2342745 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration is the Petition for approval of the Peoples Natural Gas Company, LLC (Peoples, or Company) Amended Second Revised Long-Term Infrastructure Improvement Plan for its Peoples Division and Equitable Division for the period January 1, 2015, through December 31, 2019, (Amended Second Revised LTIIP). The petition was filed April 11, 2016, and replaces Peoples’ current LTIIP[[1]](#footnote-1). This filing is being made in response to the Commission Order entered March 10, 2016, at Docket No. P-2013-2344596 (March 10 Order), which rejected the Petition of Peoples for approval of its Second Revised LTIIP and required Peoples to file a new or revised LTIIP consistent with the Order’s directives.

Peoples is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Peoples is in the business of selling and distributing natural gas to retail customers within the Commonwealth, and is therefore a “public utility” within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, subject to the regulatory jurisdiction of the Commission. Peoples, as a Natural Gas Distribution Company (NGDC), provides natural gas service to approximately 640,000 residential, commercial, and industrial customers in all or portions of 16 Southwestern Pennsylvania Counties[[2]](#footnote-2).

Copies of the Amended Second Revised LTIIP were served upon the statutory advocates and all parties to the Merger Settlement at Docket Nos. A‑2013‑2353647, A-2013-2353649 and A-2013-2353651.

No objections or comments were received from any parties.

**HISTORY OF THE PROCEEDING**

Act 11 of 2012, P.L. 72 (Act 11) was signed in to law on February 14, 2012.[[3]](#footnote-3) The Act amends Chapters 3, 13 and 33 of Title 66. Act 11, inter alia, provides utilities with the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair improve or replace certain eligible distribution property that is part of the utility’s distribution system. The eligible property for the utilities is defined in 66 Pa. C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file an LTIIP with the Commission that is consistent with 66 Pa. C.S. §1352. The Commission’s LTIIP Regulations are codified at 52 Pa. Code Chapter 121.

On April 5, 2012, the Commission held a working group meeting for discussion and feedback from stakeholders regarding its implementation of Act 11. On May 10, 2012, the Commission issued a Tentative Implementation Order addressing and incorporating input from the stakeholder meeting. Stakeholders filed comments to the Tentative Implementation Order on June 6, 2012. On August 2, 2012, the Commission issued the Final Implementation Order, at Docket No. M‑2012‑2293611, establishing procedures and guidelines necessary to implement Act 11.

The Final Implementation Order adopts the requirements established in 66 Pa. C.S. § 1352, provides additional standards that each LTIIP must meet, and gives guidance to utilities for meeting the Commission’s standards. The Final Implementation Order of Act 11 requires the inclusion of eight elements in the LTIIP.

Peoples’ currently approved LTIIP addressed the required elements of an LTIIP at the time they were approved. In the March 10 Order, the Commission found the five proposed revisions in the Second Revised LTIIP were acceptable and in the public interest. Therefore, we will only discuss the proposed required changes from the Second Revised LTIIP to the instant Amended Second Revised LTIIP.

**PEOPLES’ AMENDED SECOND REVISED LTIIP PETITION**

In the March 10 Order, the Commission discussed the safety concerns regarding customer-owned at-risk service lines. Specifically, the Commission determined that Peoples’ method of pressure testing service lines, and only replacing the customer-owned services which failed this pressure test, did not adequately address the issue of at-risk customer-owned service lines. Therefore, the Commission found that the LTIIP was not sufficient to ensure and maintain adequate, efficient, safe, reliable service, and ordered Peoples to file a new or revised LTIIP to address this concern.

In the Amended Second Revised LTIIP, Peoples has changed its policy regarding customer owned service lines, and will now be replacing all at risk customer owned service lines on a going forward basis. Peoples averred that the additional expenditures associated with replacing all such service lines may require the Company to extend its overall timeline for the replacement of its Target Pipe (currently set at 20 years from the beginning of Peoples’ current LTIIP). The Company stated that the remainder of the current LTIIP will give Peoples experience with the new replacement schedule, and Peoples will file an extended timeline in its next 5-year LTIIP, if necessary.

We find that the proposed changes in the Amended Second Revised LTIIP comply with the directives in the March 10 Order.

**CONCLUSION**

The Commission has reviewed Peoples’ Petition for Approval of its Amended Second Revised LTIIP and finds that the proposed revisions are acceptable and in the public interest. Accordingly, Peoples’ Petition is approved;

**THEREFORE,**

**IT IS ORDERED:**

1. That the Petition of Peoples Natural Gas Company, LLC for approval of its Amended Second Revised Long-Term Infrastructure Improvement Plan for its Peoples Division and Equitable Division is approved.
2. That a copy of this Order be served on all parties to the Merger Settlement at Docket Nos. A-2013-2353647, A-2013-2353649 and A-2013-2353651.

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**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: June 30, 2016

ORDER ENTERED: June 30, 2016

1. *See* Docket No. P-2013-2344596, *Petition of Peoples Natural Gas Company, LLC for Approval of its Revised Long-Term Infrastructure Improvement Plan for its Peoples Division and Equitable Division,* approved by Commission Order entered on December 18, 2014. [↑](#footnote-ref-1)
2. Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland Counties. [↑](#footnote-ref-2)
3. <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0011..HTM> [↑](#footnote-ref-3)