

**I&E Statement No. SR-1  
Witness: Sunil R. Patel**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**v.**

**UGI PENN NATURAL GAS, INC.**

**Docket No. P-2016-2537594**

**UGI CENTRAL PENN GAS, INC.**

**Docket No. P-2016-2537609**

**Surrebuttal Testimony**

**of**

**Sunil R. Patel**

**Bureau of Investigation & Enforcement – Gas Safety**

**Concerning:**

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**  
2 **ADDRESS.**

3 A. My name is Sunil R. Patel. I am a Fixed Utility Valuation Engineer II in the Gas  
4 Safety Division of the Pennsylvania Public Utility Commission's ("Commission")  
5 Bureau of Investigation and Enforcement ("I&E"). My business address is  
6 Pennsylvania Public Utility Commission, P. O. Box 3265, Harrisburg, PA 17105-  
7 3265.

8  
9 **Q. MR. PATEL, HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN**  
10 **THIS PROCEEDING?**

11 A. Yes. I am responsible for I&E Statement No. 1.

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13 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

14 A. The purpose of my Surrebuttal testimony is to address the Rebuttal testimony of  
15 Office of Consumer Advocate (OCA) witness Mr. Mierzwa

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18 **Q. DO YOU AGREE WITH OCA WITNESS MR. MIERZWA'S**  
19 **CONCLUSION IN HIS REBUTTAL TESTIMONY THAT HE DOES NOT**  
20 **BELIEVE THAT PNG'S AND CPG'S AGING INFRASTRUCTURE POSES**  
21 **SIGNIFICANT SAFETY AND RELIABILITY ISSUES?**

1 A. No. First, Mr. Mierzwa “cherry picks” data associated with the risk assessment  
2 and pipeline leak levels. Instead of analyzing the full data set, Mr. Mierzwa  
3 isolates one year of data to support his analysis. He is not taking into  
4 consideration the entire data pool and trends associated with risk and leak levels.  
5 Second, I am the only witness in this proceeding that has a federal qualification to  
6 inspect and enforce the risk assessment filed by both Companies under the  
7 Distribution Integrity Management Plan. Further, to my knowledge, Mr. Mierzwa  
8 has not inspected UGI’s DIMP or performed any field inspections of risky pipe.  
9 Therefore, I believe that his comments regarding aging infrastructure, safety, and  
10 risk assessment should be given little weight. Third, the Commission ordered  
11 UGI, PNG, and CPG to accelerate the removal of cast iron pipeline because the  
12 Commission determined that the Companies’ aging gas distribution infrastructure  
13 posed a significant safety and reliability issue.<sup>1</sup> Therefore, it is my opinion that  
14 CPG and PNG has met Mr. Mierzwa’s “PGW” test as cited on page 2 of his  
15 Rebuttal testimony, for a DSIC cap waiver.

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<sup>1</sup> Docket No. C-2012-2308997

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**Q. DOES AN INCREASE IN SPENDING ASSOCIATED WITH PIPELINE REPLACEMENT OF RISKY PIPELINES DIRECTLY COORELATE TO INCREASE IN SAFETY?**

**A.** No. In my opinion, there are diminishing returns associated with safety and an increase in spending. A reduction in safety is attributable to mitigating risk identified in a DIMP. On an annual basis, if the DIMP risk is calculated properly, the removal of the identified highest risk pipeline will reduce the total risk level, given a fixed amount of budgeted dollars. However, Mr. Knecht and OSBA are missing the point of DSIC. DSIC is a tool to assist the utility in accelerating the

1 recovery of capital costs associated with DSIC eligible properties; thus reducing  
2 the number of base rate cases filed. Additionally, DSIC is a mechanism that can  
3 be utilized by the pipeline operator to demonstrate to a financial lender that risks  
4 associated with borrowing funds are reduced because a surcharge has been  
5 approved by the regulatory body that permits and guarantees the accelerated  
6 recovery of the capital costs.

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8 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

9 A. Yes.