

**I&E Statement No. 6-SR
Witness: Matthew Matse**

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PEOPLES NATURAL GAS COMPANY LLC

Docket No. R-2018-3006818

Surrebuttal Testimony

of

Matthew Matse

Bureau of Investigation & Enforcement

Concerning:

Long-Term Infrastructure Improvement Plan

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

3 A. My name is Matthew Matse. I am a Fixed Utility Valuation Engineer in the Safety
4 Division of the Pennsylvania Public Utility Commission's ("PUC" or
5 "Commission") Bureau of Investigation and Enforcement ("I&E"). My business
6 address is Pennsylvania Public Utility Commission, 400 North Street, Harrisburg,
7 PA 17120.

8
9 **Q. DID YOU PROVIDE WRITTEN DIRECT TESTIMONY IN THIS**
10 **PROCEEDING?**

11 A. Yes. I am responsible for I&E Statement No. 6 and I&E Exhibit Schedule 6
12 regarding the Peoples base rate case.

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

15 A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of
16 Joseph A. Gregorini (Peoples Statement No. 2-R).

17
18 **Q. HAVE YOU REVIEWED STATEMENT NO. 2-R, THE REBUTTAL**
19 **TESTIMONY OF JOSEPH A. GREGORINI?**

20 A. Yes.

1 **Q. PLEASE SUMMARIZE MR. GREGORINI'S TESTIMONY WITH**
2 **RESPECT TO YOUR DIRECT TESTIMONY?**

3 A. Mr. Gregorini responds to my direct testimony on pages 6 through 11 of Peoples
4 Statement No. 2-R. Mr. Gregorini discusses Peoples' Long-Term Infrastructure
5 Improvement Plan ("LTIIIP") pipeline replacement program, specifically my
6 concern that Peoples replacement mileage increase annually is not feasible due to
7 an unrealistic planned replacement mileage as the LTIIIP progresses. Mr.
8 Gregorini stated that historical rates in the current approved LTIIIP clearly
9 demonstrate Peoples' ability to manage the program and increase the replacement
10 rate over time. He further indicated that the plan outlined increasing the rate
11 dramatically from 61 miles in 2016 to 126 miles in 2018 or by 107%. In actual
12 terms, Peoples was able to increase the rate from 63 miles in 2016 to 138 miles 23
13 in 2018 or by 119%. Mr. Gregorini additionally states that Peoples achieved this
14 growth by modeling the program and thoughtfully adding the resources and
15 support to increase the capacity. Mr. Gregorini continues that Peoples is using this
16 same proven model to manage future growth.

1 **Q. DO YOU AGREE WITH MR. GREGORINI'S STATEMENT THAT**
2 **HISTORICAL RATES IN THE CURRENT APPROVED LTIIP CLEARLY**
3 **DEMONSTRATE PEOPLES ABILITY TO MANAGE THE PROGRAM**
4 **AND INCREASE THE REPLACEMENT RATE OVER TIME?**

5 A. No. Mr. Gregorini's statement on page 6 of his rebuttal testimony that "historical
6 rates in the current approved LTIIP clearly demonstrate Peoples ability to manage
7 the program and increase the replacement rate over time" is misleading. While
8 Peoples was able to increase the rate from 63 miles in 2016 to 138 miles in 2018
9 or by 119%, this does not demonstrate the ability to increase the pipeline
10 replacement rate from 63 miles in 2016 to the planned 249 miles in 2033 or an
11 increase of 308%.

12
13 **Q. DO YOU AGREE WITH MR. GREGORINI'S STATEMENT THAT**
14 **PEOPLES ACHIEVED THIS GROWTH BY MODELING THE**
15 **PROGRAM AND THOUGHTFULLY ADDING THE RESOURCES AND**
16 **SUPPORT TO INCREASE THE CAPACITY?**

17 A. No. Mr. Gregorini asserts that the 119% increase in pipe replacement was
18 achieved by modeling the program and thoughtfully adding the resources and
19 support to increase the capacity. Mr. Gregorini adds that Peoples is using the
20 same proven model to manage future growth. However, Mr. Gregorini also states
21 that Peoples LTIIP model projects relatively the same amount of resources
22 executing the plan over time – but with higher productivity rates as the work

1 moves from complex, hard surface, time consuming urban areas to less complex
2 soft surface suburban/rural areas. Thus, the replacement rate increases over time
3 based on productivity gains achieved by changing environments. Mr. Gregorini
4 also stated that an increase in pipe replacement of 119% was achieved by
5 thoughtfully adding resources. However, the proposed pipe replacement from
6 2016 through 2033 represents an increase of 308%. I question if this rate of
7 increased pipe replacement will be achievable with relatively the same amount of
8 resources executing the plan over time, or if additional resources will need to be
9 added. All natural gas distribution companies are attempting to accelerate risky
10 pipeline replacement. There is a limited amount of resources available, such as
11 qualified contractors, qualified in house employees, and raw materials, and I do
12 not believe the proposed pipeline replacement acceleration is achievable based on
13 these limiting factors.

14
15 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

16 **A. Yes.**