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December 5, 2011

**VIA FEDERAL EXPRESS**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

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DEC 5 2011

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: **Natural Gas Pipeline Replacement and Performance Plan**  
**Docket No. M-2011-2271982**

Dear Secretary Chiavetta:

Enclosed are an original and five (5) copies of the *Comments of PECO Energy Company on the Commission's Tentative Order* in the above-captioned matter. An additional copy of this letter is also enclosed to be date-stamped and returned to PECO Energy.

Very truly yours,



Michael S. Swerling  
Assistant General Counsel

Enclosures

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DEC 5 2011

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

**Natural Gas Pipeline Replacement and Performance Plans** : **Docket No. M-2011-2271982**  
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**COMMENTS OF PECO ENERGY COMPANY  
ON THE COMMISSION'S TENTATIVE ORDER**

**I. INTRODUCTION**

On November 10, 2011, the Pennsylvania Public Utility Commission (the "Commission") entered a Tentative Order in the above-referenced docket, which proposed procedures intended to improve natural gas safety and accelerate the replacement of utility infrastructure. The Commission also issued a Secretarial Letter on November 21, 2011, which revised and clarified the Tentative Order. In addition, on December 1, 2011, the Commission issued a Ratification Order, which ratified the revisions and clarifications included in the Secretarial Letter.

PECO Energy Company ("PECO") appreciates the Commission's efforts to improve natural gas safety and accelerate infrastructure improvements. PECO also thanks the Commission for the opportunity to provide comments in support of the important goal of improved gas safety during the winter months. Pursuant to the November 10, 2011 Tentative Order, the November 21 Secretarial Letter and the December 1, 2011 Ratification Order, PECO hereby submits the following comments on the Commission's proposals regarding enhancements to Natural Gas Distribution Company ("NGDC") Frost Patrols and the filing of Distribution Integrity Management Plans ("DIMP").

## II. BACKGROUND

The Tentative Order addressed the following gas safety issues and requirements. First, the Tentative Order required NGDCs to submit a DIMP and an Integrity Management Plan (“IM”) to the Commission’s Gas Safety Division by November 30, 2011.

Second, effective immediately, NGDCs were required to conduct enhanced leak surveys, known as Frost Patrols, between November 1 and April 30 of each year in accordance with the practices and procedures set forth by the Commission. Collectively, these practices and procedures would require NDGCs to leak survey their entire systems on a weekly basis between November 1 and April 30 of each year.

Third, NGDCs were required to implement a Commission-approved pipeline replacement program and performance plan to replace high risk distribution pipes within a Commission-specified timeframe - either the NGDC’s average replacement rate during the last 10 years or complete replacement of all high risk pipes within the next 20 years, unless more time is in the public interest. In the Tentative Order, the Commission requested comments on this issue by December 2, 2011.

On November 21, 2011, the Commission issued a Secretarial Letter, which proposed revisions and clarifications to the Tentative Order. The Secretarial Letter stated that any confidential security information contained in DIMP plans should be protected from disclosure by the Public Utility Confidential Security Information Disclosure Act and by certain exemptions to the Right to Know Act. Interested parties were invited to file comments by December 5, 2011. The Secretarial Letter also established a comment period for the Commission’s enhanced Frost Patrol requirements.

Specifically, the Commission requested that NGDCs provide comments about their past and present Frost Patrol protocols, prospective enhancements to these protocols, and whether

Commission-issued standards should be adopted on an industry-wide or utility-by-utility basis. Comments to the Frost Patrol portion of the Tentative Order are also due on December 5, 2011.

Lastly in the Secretarial Letter, the Commission extended the comment period for the proposed Pipeline Replacement and Performance Plan filing requirement to January 13, 2012. Reply comments are due by January 27, 2012.

### **III. PECO'S COMMENTS**

#### **A. The Commission Should Adopt a Utility-By-Utility Standard For Frost Patrol Enhancements**

In considering the proposed Frost Patrol enhancements of each NGDC, the Commission should understand that the distribution systems for each utility can significantly differ. Some NGDCs have a large amount of cast iron in their distribution systems in proportion to other materials. Others have a large amount of bare steel in their systems.

Cast iron mains and bare steel mains and services are susceptible to breaks and leakage from different failure mechanisms. Cast iron pipe is relatively strong. However, cast iron pipe is vulnerable to breaks from ground movement, especially during frost conditions.

Conversely, bare steel pipe is vulnerable to galvanic corrosion. Moisture in the surrounding soil creates an electrolyte around the pipe, which induces metallic ions to migrate from the anode (the bare steel) to the cathode (constituents in the surrounding soil). The result is corrosion in the anode (the pipe), which will weaken the pipe and, over a long enough period of time, cause the material to fail, most often in the form of leaks (as opposed to breaks). As such, cast iron main is more vulnerable to the conditions that the Commission is seeking to avoid during frost periods.

Because significant differences in the mileage of cast iron mains exist between each NGDC, a “one-size-fits-all” approach to Frost Survey enhancements will not work and PECO submits that the Commission should not seek to implement such a broad approach. Thus, the enhancements proposed by PECO herein are intended only to apply to PECO and not to any other NGDC.

### **B. PECO’s Existing Frost Patrol Protocols**

The Commission’s November 21 Secretarial Letter requested that NGDCs provide a full description of their Frost Patrol protocols over the last five winter seasons preceding their DIMP plans and also describe any changes made to their current protocols. PECO has not made any changes to its Frost Survey protocols over the past five years. Therefore, PECO will provide a full description of its current protocols.

#### **1.) Frost Survey Plan Initiation:**

PECO’s Frost Survey plan goes into effect on November 1 of each year and is temperature driven, meaning that Frost Surveys will not begin until frost conditions exist. PECO begins tracking low temperatures on November 1. After five consecutive days of low temperatures are recorded, PECO calculates a five-day rolling average of those low temperatures for each day. When the five-day average low temperature is at or below 32° Fahrenheit, PECO begins performing Frost Surveys on its cast iron mains based on a risk ranking analysis discussed below.

#### **2.) Risk Ranking Prioritization:**

Each year before PECO’s Frost Survey plan initiates, current leak activities are reviewed as well as frost leak reports from the previous year. PECO then establishes a priority ranking for

high risk areas based on leakage/breakage history. Priority 1 areas have a higher number of cracked mains in the last 10 years and are attended to first. Priority 2 areas have a minimal cast iron break history and are attended to next. Priority 3 areas have no history of cast iron main breaks and are attended to last. With this ranking, PECO can effectively implement its Frost Surveys in a safe and reliable manner.

3.) Types of Surveys Performed:

PECO performs two types of surveys; either a Mobile Survey or a Walking Survey. Mobile Surveys are conducted with high sensitivity gas detection equipment mounted on a vehicle. These surveys are conducted along cast iron mains located outside of walking areas. Walking Surveys are conducted along cast iron mains that are inaccessible by vehicle and include business districts and heavy traffic areas. Leak survey mechanics walk along the mains and perform sample tests with leak detection equipment. They test manholes, pavement and sidewalk cracks, and building wall lines. All leak data captured during these surveys is logged and recorded so it can be used for the next year's risk prioritization analysis.

4.) Frost Survey Plan Completion:

PECO's Frost Survey plan activities end on April 1 of each year, unless the temperature requires continued patrols.

**C. PECO's Proposed Frost Patrol Enhancements**

While PECO believes that its existing Frost Patrol protocols are effective, it proposes the following enhancements to its protocols, which it believes will be both effective and efficient. PECO is only proposing enhancements that affect its cast iron mains because they pose the highest risk for breaks during frost conditions. First, PECO proposes that once three cast iron

main breaks occur within a calendar day anywhere in its system, Frost Patrols will be accelerated. During this accelerated period, PECO's leak survey mechanics will work double shifts performing leak surveys, inclusive of weekends, over the next 48 hours. The accelerated patrols will continue to follow PECO's established risk ranking prioritization focusing first on areas with the greatest break history. PECO expects this elevated response will double the amount of Frost Surveys normally conducted within a 48-hour period. After the 48-hour period expires, PECO will revert back to the normal Frost Survey protocols specified in its DIMP plan which, as a result of the temperature-driven nature of the plan, normally has PECO conducting cast iron surveys from December to the end of March. This process would reset each time three breaks occur in a calendar day during PECO's Frost Survey period.

PECO believes that a three break threshold warrants an elevated response due to the nature of cast iron breaks. Cast iron mains are most susceptible to significant damage during below freezing temperatures. Ground movement from frost heaves can produce increased levels of stress on cast iron mains, which can cause breaks due to cast iron's brittle nature. Moreover, cast iron mains pose the highest risk for an event during frost conditions because they do not leak; they simply break. Therefore, in determining when to accelerate our Frost Surveys, it is reasonable to do so after multiple breaks occur within a 24-hour period on PECO's system.

PECO believes that this threshold provides an indication that *additional* breaks are potentially imminent. Therefore, it makes sense to start accelerating Frost Surveys when it becomes apparent that the existing weather and frost conditions may be contributing to multiple breaks in the short term.

PECO submits that its proposed enhancements are an effective and efficient way to ensure public safety during the frost season. In its November 10 Tentative Order, the Commission required, in part, that all NGDCs conduct leak surveys on:

Distribution mains comprised of cast iron 12 inches in diameter or less or unprotected bare or coated steel (mains and services) located in Class 3 and Class 4 areas with a leak history or leaks shall be leak surveyed weekly.

*PECO's distribution system is entirely composed of Class 3 and Class 4 areas.*

Therefore, it would have to leak survey its entire cast iron and unprotected bare steel system, including services, on a weekly basis. The Commission's approach imposes a significant cost increase without a commensurate benefit. To be clear, safety is PECO's top priority. However, the Commission's approach may not necessarily find a significant increase in the amount of breaks. The Commission's approach may also require NGDCs to perform Frost Surveys when frost conditions do not exist. In contrast, PECO's approach will increase safety at a point when it is most needed (when breaks are potentially imminent) thereby ensuring the most efficient, effective and responsible use of resources during Frost Patrols.

**D. NGDCs Should be Permitted to File Leak Survey Reports After the Completion of Their Frost Survey Plans**

The Commission's November 10 Tentative Order also contained a mandatory practice for Frost Surveys, which required NGDCs to report all leaks on a biweekly basis between November 1 and April 30 of each year. The Commission's November 10 Order states:

Utilities shall report all leaks to the Gas Safety Division of the Bureau of Investigation and Enforcement on a biweekly basis from November 1 to April 30 of each year and in addition, will provide a schedule for repairing all reported leaks.

While the Commission's November 21 Secretarial Letter revised the Frost Patrol provisions of the November 10 Tentative Order, the Secretarial Letter did not indicate whether the Commission still expected NGDCs to report all leaks on a biweekly basis. PECO understands that the Secretarial Letter completely revised the Tentative Order. Therefore, since the Secretarial Letter did not mention the biweekly reporting requirement, it is no longer a proposed mandatory practice. If PECO's understanding is incorrect, it respectfully requests that the Commission provide NGDCs with an opportunity to comment on this proposed practice at a later time.

However, to the extent that a response is required now, PECO requests that NGDCs be allowed to submit the number of leaks found and repaired after each NGDCs Frost Survey is complete. If NGDCs are allowed to file leak reports after their Frost Surveys are complete, the Commission would receive one full and complete report from each NGDC. This will allow NGDCs to fully focus on their Frost Survey programs and enhancements during the winter months – which will account for the most efficient and effective use of resources during plan implementation. It will also keep NGDCs from rushing through these reports while they are implementing their plans and enhancements, thereby avoiding mistakes.

**E. DIMP/IM Plans Require Full Confidential Treatment and Protection**

PECO agrees that DIMP plans should receive confidential treatment to the fullest extent allowed by law because protecting this information from public disclosure will safeguard the utility, and its customers from criminal or terrorist acts.

For instance, PECO's DIMP plan contains information about the threats that could impact PECO's gas infrastructure, how those threats could be created and the resources PECO

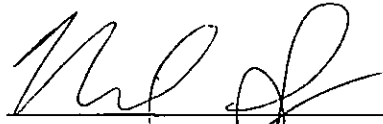
utilizes to track and reduce those threats. Disclosure of this type of information could compromise PECO's security and make it susceptible to criminal or terrorist activities. While PECO agrees that protections are afforded by Commission regulations and exceptions to the Right to Know Act, these protections may not be enough. Even the Right to Know Act cannot protect all confidential security information from public disclosure.

Therefore, to avoid disclosure of this information, PECO recommends that the Commission consider allowing utilities to file annual DIMP plan certifications (subject to Commission review during audit investigations) instead of the plans themselves. Such a certification can confirm that each NGDC has implemented its plan. The certification can also provide the survey results for that year and summarize any plan updates. In the alternative, NGDCs should at least be allowed to redact the confidential security information from their DIMP plans before they are filed with the Commission.

#### **IV. CONCLUSION**

PECO appreciates the opportunity to comment on this important matter and believes that the Company's recommendations can effectively and efficiently improve natural gas safety for its customers. Accordingly, PECO requests that the Commission favorably consider these comments.

Respectfully Submitted,



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DEC 5 2011

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

December 5, 2011

*For PECO Energy Company*

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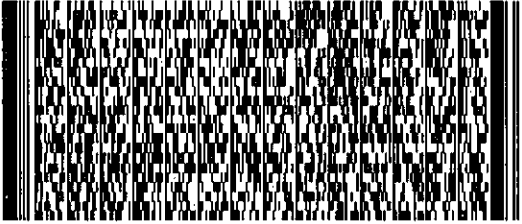
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**Penna. Public Utility Commission**  
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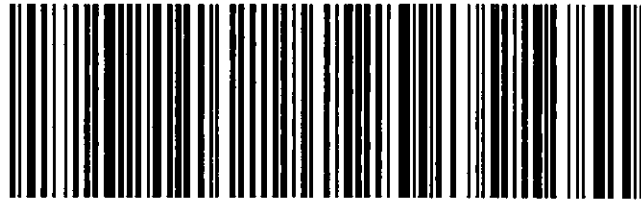
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