

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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IRWINA. POPOWSKY
Consumer Advocate

January 13, 2012

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

RE: Natural Gas Pipeline Replacement and
Performance Plans
Docket No. M-2011-2271982

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments, in the above-referenced proceeding.

Should you have any questions, please contact our office at the number above.

Respectfully Submitted,

A handwritten signature in cursive script that reads "James A. Mullins".

James A. Mullins
Assistant Consumer Advocate
PA Attorney I.D. # 77066

Enclosures

cc: Paul Metro, Chief, Gas Safety Division (E-mail only)
Robert Young, Deputy Chief Counsel – Energy (E-mail only)
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Natural Gas Pipeline Replacement and
Performance Plans

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Docket No. M-2011-2271982

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

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Dated: January 13, 2012

I. INTRODUCTION

On November 10, 2011, the Pennsylvania Public Utility Commission (PUC or Commission) entered a Tentative Order in an effort to address the vital issue of natural gas safety in the Commonwealth. The initial purpose of the Tentative Order was to establish a process by which major Natural Gas Distribution Companies (NGDCs or Companies) will submit to the Commission's Gas Safety Division a Distribution Integrity Management Program Plan (DIMP Plan) and, if applicable, an Integrity Management Plan (IM Plan). The Tentative Order also proposed a process under which each major NGDC will develop and file a Pipeline Replacement and Performance Plan (PRP Plan) with the Commission. Specifically, the Commission's Tentative Order initially required each NGDC to submit a DIMP Plan and, if applicable, an IM Plan by November 30, 2011. The Tentative Order also required all NGDCs to begin conducting Frost Patrols (enhanced leak surveys). Finally, the Tentative Order provided that each NGDC shall file a PRP Plan with the Commission for review and approval.

On November 21, 2011, a Secretarial Letter was issued by the Commission that made certain revisions to the Tentative Order and, on December 1, 2011, the Secretarial Letter was ratified in a Ratification Order.¹ On December 22, 2011, the Commission issued another Order in this proceeding. This Order addressed Comments of various NGDCs regarding their individual Frost Patrol measures and also established protocols for protective treatment of utility information related to DIMP Plans. In its December 22nd Order, the Commission stated that it will:

[R]eview the Secretarial letter comments and the comments to be filed regarding Pipeline Replacement Plans for each utility in a subsequent order at this docket.

¹ The Secretarial Letter requested comments on the submission of electronic copies of DIMP plans and also revised the Frost Patrol provisions of the Tentative Order.

Order at 6. Pursuant to the Secretarial Letter, the OCA now files these Comments limited to the filing of Pipeline Replacement and Performance Plans.

II. COMMENTS

The OCA strongly supports the Commission's efforts to address natural gas safety in Pennsylvania as contained in the Tentative Order and, in particular, the requirement for all major Natural Gas Distribution Companies to submit PRP Plans. As stated by the Commission at page 5 of its November 10th Tentative Order, "Pennsylvania's natural gas utilities have been providing safe and reliable service for many years". As the Commission has recognized, however, the Commonwealth's natural gas infrastructure is aging, and protocols for replacing this infrastructure in a safe, efficient and economical manner is necessary. The OCA submits that the Commission's proposal to require NGDCs to submit PRP Plans for Commission review and approval is an important and essential step in the right direction. The OCA fully supports the Commission's proposals for replacement timeframes, performance metrics and schedule for filings as set forth in the Tentative Order.

As to the specific replacement timeframes, the OCA agrees with the Commission that no two NGDCs are identical and a "one size fits all" approach likely would be unworkable. Therefore, each individual NGDC's circumstances with respect to items such as at-risk pipeline segments and estimates of replacement must be taken into account on a company-by-company basis. Likewise, the Commission's proposal that each PRP Plan demonstrate compliance with particular metrics, e.g., the average rate of pipeline replacement during the ten years prior to the filing of the establishment of the Metric, while also adopting other metrics addressing items such as damage prevention and emergency response times are also appropriate. The OCA also supports the Commission's proposal to stagger the filing of the PRP Plans. By requiring that the

NGDCs file their PRP Plans in groups of three and at three different times per year, the Commission will ensure that Commission staff and other entities--such as the OCA--will be able to review the PRPs in a thorough manner.

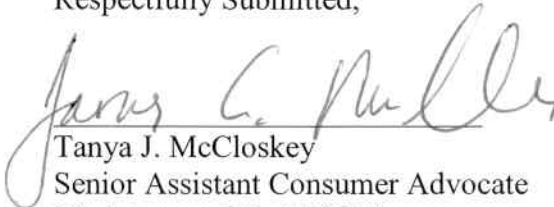
The Tentative Order also provides that each NGDC include a proposal setting forth the means by which the costs of the pipeline replacement should be addressed in the company's rates. The OCA has long taken the position that traditional base rate cases are the appropriate forum for determination of the recovery of natural gas infrastructure costs. The OCA would acknowledge, however, that, if the General Assembly changes the current law regarding recovery of natural gas infrastructure costs, it may be appropriate to amend the PRP cost recovery proposals to reflect such changes.

Finally, the OCA submits that the Commission should address the issue of the public review of these Plans. The OCA submits that it would be beneficial to the public if--to the greatest extent possible-- these PRP Plans are available to the public. To achieve this, the OCA recommends that the Plans should be as specific as possible without disclosing information that may put the NGDCs' systems at risk. In its December 22nd Order, the Commission expressed a concern with the public availability of the DIMP Plans. The OCA does not disagree with the need to protect certain sensitive information provided in a NGDC's DIMP or IM Plan. However, the OCA submits that at least some elements of the PRP Plans might not contain the same level of confidential information as DIMP or IM Plans and need not be as restricted. Public availability of this information can provide an important public benefit. For example, on January 9, 2011, Columbia Gas issued a press release captioned: "Columbia Gas Launches \$2.6 M Pipeline Improvement Project in York". The press release contained information regarding, among other things, the location of the work, the timeframe involved, and the expected impacts

on traffic. The OCA submits that information on natural gas infrastructure improvements can be valuable to communities, as well as local governing bodies, and even other utilities. In the case of municipal governments, for example, such information could be useful when considering the timing and scope of public works projects. In particular, any planned paving projects, roadway repairs or sub-surface projects, if coordinated with the NGDC's PRP Plan projects can minimize costs and inconvenience to the community. For instance, a local governing body may elect to schedule a roadway re-paving project if it knows that the NGDC will be conducting a sub-surface project in the same area in the near future. The issue of natural gas safety is a matter of vital public interest in Pennsylvania and, to the extent possible, the public should be kept informed of utilities' plans to improve the safety of natural gas infrastructure in their communities.

WHEREFORE, the OCA commends the Commission for proposing these important programs to improve natural gas safety and respectfully requests that the Commission consider these Comments in its Final Order.

Respectfully Submitted,



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Dated: January 13, 2012
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CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 13th day of January, 2012.

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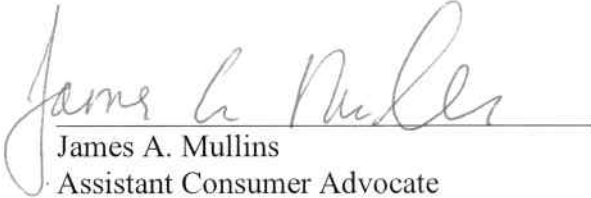
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