**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

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|  | Public Meeting held June 13, 2013 |
| Commissioners Present:  Robert F. Powelson, Chairman  John F. Coleman, Jr., Vice Chairman  Wayne E. Gardner  James H. Cawley  Pamela A. Witmer |  |
| Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. UGI Utilities – Gas Division  Leak Detection Pilot Program for the City of Allentown, Pennsylvania | C-2012-2308997 |
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**FINAL ORDER**

**BY THE COMMISSION:**

On February 19, 2013 the Pennsylvania Public Utility Commission (Commission) entered an Order (February 19 Order) approving and modifying a Joint Settlement Petition (Settlement) that was entered into by the Commission’s Bureau of Investigation and Enforcement (I&E) and UGI Utilities, Inc. – Gas Division (UGI), UGI Penn Natural Gas, Inc. (UGI Penn Natural), and UGI Central Penn Gas, Inc. (UGI Central Penn) (collectively the ‘UGI Companies’) at the above-captioned proceeding. The Settlement resolved all issues raised in the Formal Complaint, which concerned a fatal natural gas explosion that occurred on February 9, 2011 at 542 and 544 North 13th Street, Allentown, Pennsylvania. The UGI Companies and I&E accepted the Commission’s modifications to the Settlement.

In the February 19 Order the Commission directed UGI to explore enhanced leak detection measures and file a pilot program to utilize one or more of these enhanced leak detection measures throughout the City of Allentown. The Commission ordered UGI to publish notice of the pilot program filing in the *Pennsylvania Bulletin*, so as to allow interested parties an opportunity to provide comments to the program. On April 12, 2013 UGI submitted its Leak Detection Pilot Program (LDPP). On April 27, 2013 notice of UGI’s LDPP filing was published in the *Pennsylvania Bulletin*.[[1]](#footnote-1) Interested parties were permitted to file comments by May 17, 2013.

# LEAK DETECTION PILOT PROGRAM

UGI’s proposed LDPP employs three approaches. First UGI proposes to initiate a request for proposal (RFP) to solicit alternative natural gas leak detection measures to be implemented in the City of Allentown during the 2013/2014 winter season. UGI submits that through the RFP process it will solicit bids from interested parties that include alternative approaches, services, surveys, patrols, processes, procedures, equipment, and/or technology that are designed to enhance or improve the existing natural gas leak detection surveys and patrols currently performed by UGI for its natural gas facilities located in the City of Allentown.

Second, UGI proposes, as an interim measure, to undertake additional quarterly leak detection surveys on all cast iron mains in the City of Allentown from April 1, 2013 through November 30, 2013 using traditional measures. Specifically, UGI proposes to employ an over-the-main mobile survey technique, using leak detection equipment set to an equivalent sensitivity of 10 parts per million and a low rate of driving speed. UGI submits that if a leak is detected, further testing will be performed at all significant indications of leakage. All Class C and B leaks will be reported on the standard report form. All buildings in the immediate area of any Class C leaks will be checked for presence of gas while the surveyor remains at the leak site until relieved by a qualified UGI representative.

Last, UGI proposes to provide a written report to the Commission on or before June 1, 2014 describing the results of the LDPP.

In conclusion, UGI avers that the proposed LDPP, together with UGI’s existing leak detection procedures, provides a reasonable basis for exploring and implementing enhanced leak detection measures throughout the City of Allentown.

# COMMENTS

# BUREAU OF INVESTIGATION AND ENFORCEMENT

On May 17, 2012 the Commission’s Bureau of Investigation and Enforcement (I&E) filed Comments in response to UGI’s proposed LDPP.[[2]](#footnote-2) In its comments I&E contends that UGI’s filing is contrary to the Commission’s directive in the February 19 Order in that it contains no new leak survey programs that can be implemented immediately after the Commission approves UGI’s LDPP filing. Rather, I&E submits that UGI’s LDPP filing consists of a mere recitation of its current leak detection programs and attaches a RFP to solicit a consultant to assist UGI with developing additional natural gas detection measures. Therefore, I&E urges the Commission to direct UGI to implement a pilot program that includes enhanced leak detection measures now. I&E recommends that the Commission direct UGI to immediately begin a continuous leak survey of high risk pipe in the City of Allentown until UGI develops and implements a pilot leak program. Further, I&E recommends that UGI be directed to submit monthly reports on the results of the continuous leak survey to the Gas Safety Division of I&E along with a plan and schedule to fix all Class B and Class C leaks discovered in the survey. In support, I&E states that a continuous leak survey program will provide for leak surveys during warmer months, since five of the seven UGI leak surveys operate only during colder months.

I&E also states that UGI’s Distribution Integrity Management Program (DIMP), patrolling procedures, and leakage survey programs should be designed to function cohesively in order to best identify and monitor cast iron pipeline systems located in suspect areas, such as the City of Allentown. As such, I&E recommends that any enhanced leakage detection measures fully developed through this pilot program proceeding be included in UGI’s DIMP and patrolling procedures.

As well, I&E submits that UGI’s leakage surveys should pay particular attention to areas where soil or pavement have been disturbed by excavation activities and such surveys should be included in UGI’s DIMP. Continuing, I&E states that it does not believe UGI presently coordinates with other entities, such as highway and water authorities, for areas where evidence of water leaks, sinkholes, or instability in the road exists. As such, I&E contends that UGI should coordinate with other entities, including highway and water authorities.

# REPLY COMMENTS – UGI

On May 23, 2013 UGI filed Reply Comments in response to I&E’s May 17 Comments. However, the February 19 Order includes no specific directive to allow for the filing of reply comments to any comments provided in relation to the LDPP. Rather, the February 19 Order only references comments. Specifically, Ordering paragraphs 8.b. and 8.c. state:

8.b. That notices of the pilot program filing shall be published in the *Pennsylvania Bulletin,* so that interested parties may provide comments to the pilot program. Such comments shall be filed within twenty days from the date of publication in the *Pennsylvania Bulletin*.

8.c. That the Commission shall consider any comments and approved, modify, or reject the pilot program.

Regardless, the Commission notes that it has taken the time to review UGI’s Reply Comments and finds that the Reply Comments add no material or substantive issues worth discussing in this Order.

# DISPOSITION

After review of UGI’s LDPP filing and the Comments filed by I&E, the Commission makes the following determinations. First, the Commission finds that UGI’s LDPP substantially complies with our directives in the February 19 Order. UGI’s LDPP will enhance its Allentown leak detection program in two ways. First, through the implementation of additional quarterly leak surveys from April 1, 2013 through November 30, 2013 and second, via the use of an enhanced wintertime survey from November 1, 2013 through March 31, 2014. Consequently, UGI’s program will enhance its leak surveying in the Allentown area immediately and over a full one-year cycle. Further, the use of an RFP process to solicit bids for an enhanced wintertime survey is prudent to determine what enhanced leak detection technologies exist in the marketplace and to ensure that a fair price is paid for the use of the winning technology.

The Commission disagrees with I&E’s characterization that UGI’s proposal merely recites UGI’s current programs. We also do not believe it is necessary to direct UGI to develop a plan to fix all Class B and Class C leaks discovered as a result of the enhanced measures, as leak management is governed by UGI’s DIMP. We do, however, agree with I&E that these additional leak surveys should be conducted on all high-risk pipe in Allentown, as defined using UGI’s DIMP, rather than only on cast iron mains as proposed by UGI.

The Commission further believes that UGI’s proposal to provide a written report on the results of the pilot program is prudent, as such a report will help assist in analyzing the success or failure of the LDPP.

Continuing, the Commission believes that I&E’s recommendation to have UGI include enhanced leak detection measures flowing from the pilot in its DIMP is premature. While this recommendation may ultimately have merit, it is simply too early to know whether the enhanced leak detection technology deployed will be successful at finding more leaks or cost-effective on a system-wide basis.

Finally, we believes I&E’s recommendation that UGI update its DIMP to increase coordination with other entities and concentrate on areas where soil or pavement have been disturbed may have merit and we encourage UGI to give them due consideration. We do not, however, believe this is the proper proceeding to impose such a requirement. Rather, this requirement should be addressed in the context of I&E’s audit of UGI’s DIMP.

# CONCLUSION

In summary, the Commission’s goal with this LDPP proceeding is to further minimize the risk of another catastrophic event by directing UGI to research and implement enhanced leak detection processes that go above and beyond the steps the Company has agreed to undertake to improve the physical integrity of its distribution system. The Commission finds that UGI’s proposal substantially complies with our directives. Consequently, consistent with our discussion above, we shall approve and modify the various provisions of UGI’s proposed LDPP; **THEREFORE,**

**IT IS ORDERED:**

1. That the request for proposal portion of UGI Utilities, Inc. – Gas Division’s Leak Detection Pilot Program is approved.

2. That the interim measures portion of UGI Utilities, Inc. – Gas Division’s Leak Detection Pilot Program is modified, consistent with the discussion and directive in this Order.

3. That UGI Utilities, Inc. – Gas Division’s proposal to provide a written report to the Commission on or before June 1, 2014 describing the results of the Leak Detection Pilot Program is approved.

4. That any Commission directives included in the discussion of this Order but not reiterated in Ordering Paragraphs one through three shall have the full force of an Ordering Paragraph.

1. That a copy of this Final Order be served on all active Parties to the proceedings at Docket No. C-2012-2308997.

**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: June 13, 2013

ORDER ENTERED: July 1, 2013

1. 43 Pa.B. 2407 (April 27, 2013.) [↑](#footnote-ref-1)
2. On May 21, 2013 I&E filed corrected Comments. The May 21, 2013 Comments rectified an error in the Docket Number listed in the May 17, 2013 Comments. [↑](#footnote-ref-2)