



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission, Bureau of Investigation and
Enforcement v. Philadelphia Gas Works
Docket No. C-2011-2278312**

Dear Secretary Chiavetta:

Enclosed for filing please find the original of the Comments of the Bureau of Investigation and Enforcement to the Leak Detection Pilot Program of Philadelphia Gas Works relative to the above-referenced matter. Copies of this filing have been served in accordance with the attached Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Michael L. Swindler
Prosecutor
PA Attorney ID No. 43319

Enclosure

cc: As per Certificate of Service

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BEFORE THE
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Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
v. :
Philadelphia Gas Works :

Docket No. C-2011-2278312

COMMENTS OF
THE BUREAU OF INVESTIGATION AND ENFORCEMENT
TO THE LEAK DETECTION PILOT PROGRAM
OF PHILADELPHIA GAS WORKS

INTRODUCTION

On July 26, 2013, the Pennsylvania Public Utility Commission (Commission) entered an order which approved, as modified, a Joint Settlement Petition (Settlement) that was entered into by the Commission's Bureau of Investigation and Enforcement (I&E) and Philadelphia Gas Works (PGW or Company) in the above-captioned proceeding.¹ The Settlement resolved all issues raised in the Formal Complaint, which concerned a fatal natural gas explosion that occurred on January 18, 2011, when natural gas migrating from a ruptured cast-iron underground main in the Torresdale section of Philadelphia, Pennsylvania came in contact with an ignition source in the basement of a

¹ *Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works*, Docket No. C-2011-2278312 (Order entered July 26, 2013) (hereinafter referred to as "July 26 Order").

nearby residence. The Commission's July 26 Order added one additional condition to the Settlement and afforded the Parties an opportunity to withdraw from the Settlement if they did not agree to abide by the additional condition. Pursuant to Ordering Paragraph 5 of the July 26 Order, since no elections to withdraw from the Joint Petition for Settlement were filed, the July 26 Order became final without further Commission action.

As an added condition in its July 26 Order, the Commission directed PGW to explore enhanced leak detection measures and file a pilot program to utilize one or more of those enhanced leak detection measures just as the Commission recently directed in *Pa. PUC, Bureau of Investigation and Enforcement v. UGI Utilities, Inc.*, Docket No. C-2012-2308997 (Order entered February 19, 2013) (UGI Order). In addition, the Commission requested that PGW utilize a different vendor than UGI to give the Commission and all interested stakeholders the opportunity to evaluate more than just one of the various technologies available.

The Commission ordered that notice of PGW's pilot program filing be published in the *Pennsylvania Bulletin*, so that interested parties had an opportunity to provide comments to the pilot program.² On September 19, 2013, PGW submitted its leak detection pilot program filing, and on November 9, 2013, notice of PGW's filing was published in the *Pennsylvania Bulletin*.³ Interested parties were permitted to file comments by December 2, 2013. I&E respectfully submits these comments to address several key areas of concern in PGW's filing.

² July 26 Order, at Ordering Paragraph 5(b).

³ 43 *Pa.B.* 6741 (November 9, 2013).

COMMENTS

I. Contrary to the July 26 Order, PGW's Pilot Program Provides No Commitment to Institute Enhanced Leak Detection Measures

In its July 26 Order, the Commission deemed it necessary to modify the Parties' Settlement Agreement to include enhanced leak detection measures stating, in pertinent part:

Just as with this Commission's recent determination in Pa. PUC, Bureau of Investigation and Enforcement v. UGI Utilities, Inc., Docket No. C-2012-2308997 (Order entered February 19, 2013), regarding the catastrophic explosion in Allentown in February, 2011, we believe that PGW should explore enhanced leak detection measures and file a pilot program to utilize one or more of these enhanced leak detection measures. If at all possible, PGW should utilize a different vendor than UGI to give the Commission and all interested stakeholders the opportunity to evaluate more than just one of the various technologies available.

July 26 Order at 28 (emphasis added). As noted above, the Parties were given the option to reject this modification and withdraw from the Settlement, but neither I&E nor PGW elected to do so. Yet, despite PGW's acquiescence to the Commission's directive to file a pilot program to *utilize* – not consider – enhanced leak detection measures, the Company's filing is devoid of any such commitment. Instead, PGW's pilot program filing reads like an infomercial for the Company's existing leak detection procedures primarily set forth in PGW's Distribution Department Bulletin No. 127 (Leak Survey Bulletin) and Distribution Department Bulletin No. 212 (Leak Response and Investigation Procedure). Besides two temporary enhancements to its current procedure, which will be discussed in more detail below, PGW promises merely to “explore and identify practical measures that ultimately *may* be used to further enhance PGW's current

leak detection procedures (emphasis added).”⁴ In a reference to the possible implementation of any such enhanced procedures, PGW qualifies its statement by opining that it “leave open the potential that none of the submissions provided in response to the solicitation process will be appropriate to implement.”⁵ Finally, PGW states, “*If the enhanced leak detection measures flowing from the Pilot Program are successful at finding more leaks or prove to be more cost-effective on a system-wide basis (or both), PGW will give consideration to the implementation of such measures on a permanent basis to further enhance leak detection in the Company’s service territory (emphasis added).*”⁶

The Commission’s directive “to utilize” enhanced measures as an additional commitment of the Settlement – a directive that PGW accepted by not withdrawing from the Settlement – did not give PGW the option to *not* utilize enhanced leak detection measures, much less the option to not utilize such measures even when the results of its own evaluation proved such measures to be successful. PGW must be directed to revise its Pilot Program filing to provide an explicit commitment to institute enhanced leak detection measures above and beyond those procedures currently undertaken by the Company as set forth in its Distribution Department Bulletin Nos. 127 and 212.⁷

⁴ Philadelphia Gas Works Leak Detection Program filing at 9.

⁵ Philadelphia Gas Works Leak Detection Program filing at 11, footnote 17.

⁶ Philadelphia Gas Works Leak Detection Program filing at 14.

⁷ I&E’s comment herein that PGW has failed to commit to enhance leak detection measures can be distinguished from I&E’s comment to the UGI Pilot Program that UGI be directed to implement enhanced measures immediately. While the Commission in its UGI Order rejected the I&E comment and found that UGI’s Pilot Program “substantially complies” with the Commission’s directives, the same cannot be said for PGW’s complete failure to commit to implementing enhanced leak detection measures at all.

II. PGW Should Conduct Quarterly Mobile Surveys of All High-Pressure Cast Iron Mains and Mandate Two Surveys During Winter Months

PGW explains in its Pilot Program filing that it has existing procedures in place providing for winter patrols of the cast iron portions of its distribution system. PGW currently conducts a General Winter Frost Patrol beginning on December 1 of each year (unless early frost dictates otherwise) on all blocks served by cast iron mains. Beginning in 2000, the Company initiated an additional inspection program referred to as the Prudent Winter Patrol for “higher risk” portions of the distribution system. Initially, the Prudent Winter Patrol focused on the 300 most vulnerable mains as identified in the Company’s Main Replacement Program. In 2011, PGW supplemented its General Winter Frost Patrol by adding a separate survey for 12-inch high-pressure cast iron mains, and by doubling the scope of its Prudent Winter Patrol to 600 blocks.

As part of its Pilot Program, PGW proposes to enhance its General Winter Frost Patrol by increasing its mobile surveys of all high-pressure cast iron mains from once a year to twice a year. Instead, I&E recommends PGW be directed to conduct such surveys quarterly. In addition, I&E recommends two of the four surveys be conducted during the critical winter months between December and March. I&E’s recommended enhancements emulate the Commission’s goal, as stated in its UGI Order, to ensure that the Company take the steps vital to improve the physical integrity of its distribution system in order to further minimize the risk of another catastrophic event.

III. PGW Should Conduct Mobile Surveys of 12” High-Pressure Cast Iron Mains Six Times Per Year And Mandate Monthly Surveys During Winter Months

As part of its Pilot Program, PGW proposes to further enhance its existing inspection procedures by increasing its mobile surveys of all 12” high-pressure cast iron mains from twice a year to six times a year, or bi-monthly. I&E recommends PGW be directed to conduct four of the six surveys during the critical winter months between December and March.

IV. PGW Should Simplify its Leak Classification System to Mirror Industry Standards

The Gas Safety Division of I&E believes that PGW’s internal leak classification system is a cumbersome model that should be simplified to better comport with industry standards. I&E recommends PGW be directed to simplify its existing leak classification system to one which classifies all leaks as Class 1, Class 2 or Class 3.

Proper leak classification plays a critical role in determining the degree or extent of the potential hazard resulting from gas leakage and prescribing appropriate remedial actions. Pursuant to PGW’s Distribution Department Bulletin No. 127, all new leaks discovered are “recorded and tracked by leak classification type.” However, PGW’s leak classifications make it impossible for the Commission’s Gas Safety Division (GSD) to even compare the extent of leaks discovered on PGW’s system to those found in other service territories. A revised leak classification system better aligned with industry best practices could greatly resolve GSD’s concerns.

Admittedly, there is no Code requirement that leaks be classified in a certain manner. Even the industry standards, promulgated by the Gas Piping and Technology

Committee (GPTC)⁸ are guidelines only. There are three grades or classifications of a gas leak as determined by the GPTC. In simple terms, a “Grade 1 Leak” is an immediate hazard that requires immediate repair. A “Grade 2 Leak” is non-hazardous when detected, but needs repaired before a future hazard. Finally, a “Grade 3 Leak” is a non-hazardous leak that is expected to remain non-hazardous. I&E recommends that PGW be directed to simplify its leak classification system by reducing the number of leak categories to Class 1, Class 2 or Class 3 in order to better align with the GPTC guidelines. Such a simplification of leak classification protocols would be a valuable, pragmatic enhancement to PGW’s existing leak detection procedures.

V. Other Recommended Enhancements

The Gas Safety Division of I&E recommends, as further enhancements to PGW’s existing leak detection procedures, that PGW explore the treatment of 6-inch and 8-inch cast iron mains the same as 12-inch cast iron mains with regard to leak inspection protocols. It is also recommended that PGW expressly state that its mobile surveys will not be adversely impacted by the city’s narrow streets when packed with snow and ice and impassable for extended periods of time. Moreover, PGW has limited its leak detection program to its high-pressure cast iron mains which the Company admits is less than 100 miles of the Company’s total of 3,026 miles of mains, or about 3%. I&E recommends that PGW’s enhanced leak detection procedures be conducted on all high-pressure mains and not just cast iron mains, as set forth in its existing winter patrols.

⁸ Although GPTC receives administrative support from the American Gas Association (AGA), it is not an official AGA Committee.

Moreover, if not already done, PGW should coordinate with other entities, namely highway and water authorities, for areas where evidence of water leaks, sinkholes or instability in the roads exists.

VI. Conclusion

I&E respectfully requests that the Commission consider its comments as set forth herein in determining whether to approve, modify or reject PGW's Pilot Program filing.

Respectfully submitted,



Michael L. Swindler

Prosecutor

PA Attorney ID No. 43319

Date: December 2, 2013

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Comments upon the persons listed below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

Notification by First Class Mail:

Daniel Clearfield, Esquire
Eckert Seamans Cherin & Mellot, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101

Abby Pozefsky, Esquire
Howard Lebofsky, Esquire
Philadelphia Gas Works
Legal Department
800 West Montgomery Avenue
Philadelphia, PA 19122



Michael L. Swindler
Prosecutor
PA Attorney I.D. No. 43319

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Harrisburg, PA 17105-3265

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