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December 16, 2013

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

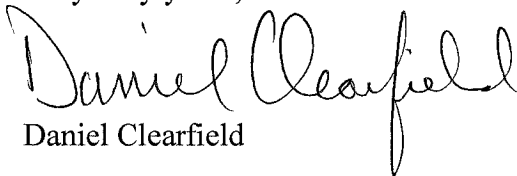
Re: Pennsylvania Public Utility Commission, Bureau of Investigation  
and Enforcement v. Philadelphia Gas Works;  
Docket No. C-2011-2278312

Dear Secretary Chiavetta:

Enclosed for electronic filing please find Philadelphia Gas Works' Motion for Leave to Submit Reply Comments with regard to the above-referenced matter. Please note that the PUC's Bureau of Investigation does not oppose this Motion.

Copies have been served in accordance with the attached Certificate of Service.

Very truly yours,

  
Daniel Clearfield

DC/lww  
Enclosure

cc: Hon. Angela Jones w/enc. (via email and overnight delivery)  
Cert. of Service w/enc.

**CERTIFICATE OF SERVICE**

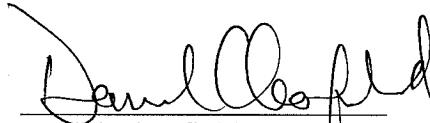
I hereby certify that I have this day served a true copy of PGW's Motion for Leave to Submit Reply Comments upon the participant listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA EMAIL AND HAND DELIVERY**

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Date: December 16, 2013

  
Daniel Clearfield, Esquire

**BEFORE THE  
PENNSYLVANIA UTILITY COMMISSION**

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

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**PHILADELPHIA GAS WORKS'  
MOTION FOR LEAVE  
TO SUBMIT REPLY COMMENTS**

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Pursuant to 52 Pa. Code § 5.103, Philadelphia Gas Works (“PGW”) submits this Motion for Leave to Submit Reply Comments related to the Comments filed by the Bureau of Investigation and Enforcement (“BIE”) to PGW’s Leak Detection Pilot Program (“Pilot Program”).

1. The Opinion and Order entered by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) on July 26, 2013 (the “Torresdale Settlement Order”), which became effective on August 5, 2013,<sup>1</sup> directed PGW to explore enhanced leak detection measures and to “file a pilot program designed to test enhanced leak detection measures.” Torresdale Order, at p. 28 and Ordering Paragraph 5(a).

2. On September 19, 2013, PGW submitted its Pilot Program in compliance with the Torresdale Settlement Order. In addition to proposing an interim leak detection expansion, PGW’s Pilot Program proposed the use of a solicitation process to try to identify available enhanced leak detection measures, and provides a reasonable process for identifying, reviewing

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<sup>1</sup> See, Secretarial Letter at Docket No. C-2011-2278312 dated August 7, 2013.

and implementing enhanced leak detection measures throughout PGW's service area as directed in the Torresdale Settlement Order.<sup>2</sup>

3. Notice of PGW's filing of the Pilot Program was published in the *Pennsylvania Bulletin*, so that interested parties may provide comments to the pilot program. 43 Pa.B. 6741 (November 9, 2013). The notice and Torresdale Settlement Order directed that Comments to the Pilot Program be filed within twenty days from the date of publication in the *Pennsylvania Bulletin*.

4. Neither the notice in the *Pennsylvania Bulletin* nor the Torresdale Settlement Order established a time period for Reply Comments.

5. Comments were filed by BIE to PGW's Pilot Program. However, in addition to challenging the adequacy of PGW's proposal to identify and test potentially acceptable enhanced leak detection measures, BIE's comments have raised for the first time substantive issues regarding the scope and frequency of leak detection measures presently used by PGW.

6. PGW believes and therefore avers, that a response from PGW to BIE's allegations and contentions would be helpful and would facilitate the Commission's review and approval of PGW's proposed pilot process. Accordingly, PGW respectfully requests the opportunity to respond to the new substantive issues raised in BIE's comments. If this Motion is granted, PGW intends to submit the Reply Comments that are attached hereto as Appendix A.

7. PGW has discussed this Motion with counsel to BIE and BIE has authorized PGW to state that it does not oppose PGW's request to file Reply Comments.

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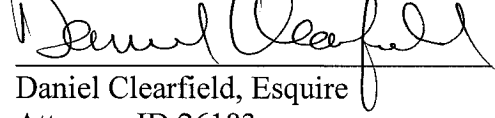
<sup>2</sup> This approach is substantially similar to the three-fold approach approved by the Commission for UGI Utilities, Inc. ("UGI") for the exploration of enhanced leak detection measures. *PUC, Bureau of Investigation and Enforcement v. UGI Utilities, Inc.*, Docket No. C-2012-2308997, Final Order entered July 1, 2013.

WHEREFORE, for all of the foregoing reasons, PGW requests that the Commission accept and consider its PGW's Reply Comments in the above captioned matter.

Howard Lebofsky, Esq.  
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December 16, 2013

Respectfully submitted,



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BEFORE THE  
PENNSYLVANIA UTILITY COMMISSION

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

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REPLY COMMENTS  
OF PHILADELPHIA GAS WORKS'

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Philadelphia Gas Works (“PGW”), hereby submits these Reply Comments to the Comments of the Bureau of Investigation and Enforcement (“BIE”) to PGW’s Leak Detection Pilot Program (“Pilot Program”), which was submitted on September 19, 2013 in compliance with the Opinion and Order entered by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) on July 26, 2013 (the “Torresdale Settlement Order”), which became effective on August 5, 2013.<sup>1</sup>

**I. INTRODUCTION**

The Torresdale Settlement Order directed PGW to explore enhanced leak detection measures and to “file a *pilot program* designed to *test enhanced* leak detection *measures*.”<sup>2</sup> PGW filed its Pilot Program on September 19, 2013. PGW’s Pilot Program is substantially similar to the approach approved by the Commission for UGI Utilities, Inc. (“UGI”) for the exploration of enhanced leak detection measures.<sup>3</sup>

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<sup>1</sup> See, Secretarial Letter at Docket No. C-2011-2278312 dated August 7, 2013.

<sup>2</sup> Torresdale Settlement Order, at p, 28 and Ordering Paragraph 5(a) (emphasis added).

<sup>3</sup> *PUC, Bureau of Investigation and Enforcement v. UGI Utilities, Inc.*, Docket No. C-2012-2308997, Final Order entered July 1, 2013 (“UGI Pilot Program Order”).

Comments were filed by BIE to PGW's Pilot Program. In addition to challenging the adequacy of PGW's proposal to "test enhanced leak detection measures," BIE's comments also have raised for the first time substantive issues regarding the scope and frequency of the leak detection program presently used by PGW. PGW respectfully suggests that these comments are misplaced and should be rejected and that PGW's proposed Pilot Program should be approved.

## II. REPLY COMMENTS

### A. PGW's Leak Detection Program Will Identify And Implement A Reasonable Enhanced Leak Detection Measure

PGW submits that the Pilot Program, as proposed, provides a reasonable basis for exploring and implementing enhanced leak detection measures throughout PGW's service area as directed in the Torresdale Settlement Order.

BIE's assertion that PGW has not "committed" to "utilize" enhanced measures<sup>4</sup> is **simply not true**. PGW merely recognized that, logically, it could not absolutely commit to adopting an enhanced leak detection measure before knowing what was going to be proposed – or, indeed, whether any measures would be forthcoming in response to the solicitation.

No specific enhanced leak detection measures have been identified for implementation by the Commission, BIE or PGW at this time. To remedy this, PGW will use a solicitation process that "will enable PGW to identify and test the selected alternative natural gas leak detection measure or measures in the City during the 2014/2015 winter season."<sup>5</sup> PGW will evaluate the responses received to determine if they "are practical means to enhance or improve the existing

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<sup>4</sup> BIE Comments, p. 3-4.

<sup>5</sup> Pilot Program, p. 14.

natural gas leak detection surveys and patrols currently performed by the Company for its facilities located in the City.”<sup>6</sup>

PGW indicated that, once all solicitations have been received and evaluated, it would “report the results of the solicitation and its proposed conclusions to the Commission”<sup>7</sup> PGW also stated its intention to select a vendor so that an enhanced leak detection measure could be implemented as part of a *pilot program*,<sup>8</sup> and PGW stated that if the enhanced leak detection measure was successful, it would consider implementation on a *permanent basis*.<sup>9</sup> However, PGW noted the possibility that none of the responses to the PGW’s request for information (“RFI”) would be appropriate to implement (or that no responses might be forthcoming).<sup>10</sup> In that situation, PGW fully intends to seek the direction of the Commission as to how it should proceed.

The acceptance of BIE’s comments would lead to absurd results: a demand that PGW “utilize” enhanced measures<sup>11</sup> – even if enhanced measures cannot be identified through the RFP process, or do not appear to be reasonable for PGW’s circumstances. And, BIE appears further to demand that enhanced measures be implemented permanently<sup>12</sup> – despite the fact that the Commission only directed a pilot program and despite the lack of information on the actual ability of the enhanced measure to find more leaks or to be more cost-effective on a system-wide

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<sup>6</sup> Pilot Program, p. 14.

<sup>7</sup> Pilot Program, p. 11, fn 17.

<sup>8</sup> Pilot Program, p. 13-14.

<sup>9</sup> Pilot Program, p. 14. (emphasis added).

<sup>10</sup> Pilot Program, p. 11, fn 17.

<sup>11</sup> BIE Comments, p. 4.

<sup>12</sup> BIE Comments, p. 4.



basis (or both).<sup>13</sup> Accordingly, BIE's contentions appear inconsistent with the PUC Order and the commitments set forth in PGW's proposed Pilot Program and should be rejected.

B. BIE's Comments On The Scope And Frequency Of Leak Detection Measures Presently Used By PGW Are Beyond the Scope of this Commission's Order and Inappropriate

PGW recognized that the identification and implementation of an enhanced leak detection program would take some time, and could only be properly completed for the 2014/2015 winter season. As an *interim approach* to improving leak detection efforts, PGW voluntarily submitted that it would immediately begin to undertake additional year-round leak detection surveys on all the high pressure cast iron mains in the City using traditional measures.

In response to PGW's interim and voluntary use of traditional leak detection measures, BIE has proposed that PGW undertake considerable modifications to and expansion of its current measures.<sup>14</sup> But, none of these additional changes bears any relation to "a *pilot program* designed to test *enhanced* leak detection *measures*."<sup>15</sup> And, such comments should be rejected by this Commission as being beyond the scope of the Torredale Settlement Order.

BIE's demanded leak testing expansion is also inappropriate for at least two reasons: First, no justification or factual basis has been presented for the requested revisions. In 2011, the

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<sup>13</sup> BIE demanded that UGI's include enhanced leak detection measures flowing from the pilot in its DIMP. The Commission rejected that recommendation because it was "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." UGI Pilot Program Order, at 6.

<sup>14</sup> See BIE Comments, p 5-7. Only one of the requested revisions bears any relation to the interim measure being implemented by PGW. PGW proposed to double its mobile surveys for all high-pressure cast iron mains. BIE seeks to have PGW quadruple said surveys, and to have two of those surveys conducted within four months of each other. But, nothing indicates that this requested revision is reasonable, or would actually find more leaks or would be cost-effective on a system-wide basis.

<sup>15</sup> Torredale Order, at p, 28 and Ordering Paragraph 5(a) (emphasis added).

Commission reviewed, evaluated, and approved the cold weather leak survey requirements for all natural gas distribution utilities' regarding cast iron and unprotected steel pipelines.<sup>16</sup> That review did not mandate any changes to PGW's leak classification procedures,<sup>17</sup> and the Commission accepted PGW's survey and classification procedures in December 2011.<sup>18</sup> The leak detection expansions requested here were not previously raised by BIE (and/or the Gas Safety Division ("GSD")) with PGW between December 2011 and the filing of the subject comments by BIE.<sup>19</sup> Presumably, BIE/GSD would not have remained silent for nearly two years – if these issues were actually important to safety<sup>20</sup> and/or were considered a violation of Public Utility Code, the Commission's regulations, and/or a Commission Order.

Second, BIE cannot use its comments to the Pilot Program to reopen or renegotiate a Commission-approved Settlement and/or the Torresdale Settlement Order – which BIE submitted jointly with PGW.<sup>21</sup> As part of the settlement of the above-captioned proceeding, BIE

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<sup>16</sup> *Natural Gas Pipeline Replacement and Performance Plans*, PUC Docket No. M-2011-2271982, Opinion and Order entered December 22, 2011. This Opinion and Order was entered after the Torresdale incident, which occurred on December 15, 2011.

<sup>17</sup> PGW's leak detection classifications have always been reasonable. In 2006, an independent evaluation of PGW's leak classification system was performed (by ViaData LP). The audit determined that the leak classification process developed by PGW provides an extensive amount of data regarding leaks found on its gas system. In response to the audit, PGW's concluded that the differences in PGW's leak classification system did not cause any material issues. **Neither the Office of Trial Staff nor the GSD challenged PGW's conclusion.** The audit and PGW's response thereto were filed on August 28, 2008 at PUC Docket No. R-00061931.

<sup>18</sup> *Id.*, at Ordering Paragraph 11.

<sup>19</sup> PGW submits that GSD has had numerous opportunities to review PGW's leak surveys and leak classifications through various venues, such as inspections of the O&M manuals, incident data requests, and normal inspections.

<sup>20</sup> Nothing indicates that the requested revisions are reasonable, or would actually find more leaks or would be cost-effective on a system-wide basis.

<sup>21</sup> If the GSD has concerns over PGW's current use of traditional measures, it can raise them using a different procedure. This is not the appropriate place or forum for PGW to respond (in detail) to the requests of BIE/GSD.

had the opportunity to seek changes to revisions to PGW's use of traditional leak detection measures. **It did not do so.** BIE accepted that the terms of the Torressdale Settlement Order, which directed the creation of "a pilot program designed to test enhanced leak detection measures."

Just as UGI, PGW proposed to step up some of its current leak detection program as a reasonable interim step while the process of identifying an acceptable enhanced leak detection measure could be identified to be implemented as a pilot program. That voluntary offer should not be used as a means of trying to force PGW to implement a slew of additional leak detection steps that would both require expenditure of additional ratepayer funds and take time away from its existing efforts, which GSD has reviewed and presumably has found acceptable. This is especially true considering that BIE has made these proposals without any finding that PGW's existing efforts are inadequate or that the time and cost of implementing these additional efforts are justified by increased safety of the distribution system. The better course is to permit PGW to proceed to try to identify an appropriate leak detection enhancement to implement as a pilot and evaluate those results at the conclusion of that process.

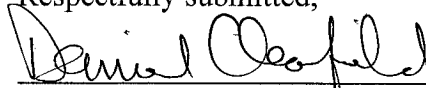
### III. CONCLUSION

Based on the foregoing, PGW respectfully requests that the Commission (a) approve PGW's Leak Detection Pilot Program, as proposed by PGW; and (b) reject the comments filed by BIE.

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December 16, 2013

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