**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

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|  | Public Meeting held January 23, 2014 |
| Commissioners Present:  Robert F. Powelson, Chairman  John F. Coleman, Jr., Vice Chairman  James H. Cawley  Pamela A. Witmer  Gladys M. Brown |  |
| Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works  Leak Detection Pilot Program | C-2011-2278312 |
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**FINAL ORDER**

**BY THE COMMISSION:**

On July 26, 2013, the Pennsylvania Public Utility Commission (Commission) entered an Order (July 26 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 Philadelphia Gas Works (PGW or Company) 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 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 nearby residence. PGW and I&E accepted the Commission’s modifications to the Settlement.

In the July 26 Order, the Commission directed PGW to explore enhanced leak detection measures and file a pilot program to utilize one or more of these enhanced leak detection measures 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).[[1]](#footnote-1) The Commission ordered PGW 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 September 19, 2013, PGW submitted its Leak Detection Pilot Program (LDPP). On November 9, 2013, notice of PGW’s LDPP filing was published in the *Pennsylvania Bulletin*.[[2]](#footnote-2) Interested parties were permitted to file comments by December 2, 2013.

# LEAK DETECTION PILOT PROGRAM

PGW’s proposed LDPP employs three approaches. First PGW proposes to initiate a solicitation process to explore and identify alternative natural gas leak detection measures to be implemented in the PGW’s service area during the 2014/2015 winter season to enhance existing leak detection programs. PGW notes that as a municipal utility, they must follow municipal procurement rules. As such, PGW submits that the rules require different procurement processes depending on the type(s) of goods or services to be procured. PGW proposes to initiate the procurement process by issuing a Request for Information (RFI) in order to better understand the nature of the possible enhanced detection methodologies (special equipment, unique services, etc.). PGW would then issue a Request for Proposals (RFP) or Request for Quotations (RFQ), depending on which is more appropriate under the municipal procurement framework. PGW plans to issue the RFI within 30 days of the entry of the Order approving the LDPP.

Second, PGW proposes, as an interim measure, to undertake additional year-round leak detection surveys on all the high pressure cast iron mains in Philadelphia using traditional measures. Specifically, PGW proposes to employ an over-the-main mobile survey technique, using leak detection equipment.[[3]](#footnote-3) PGW will increase the frequency of mobile leak surveys for all high pressure (10-35 pounds per square inch gage, or psig) cast iron mains from once to twice a year (or every 6 months) and for all 12-inch high pressure cast iron mains from twice during the winter period (December through March) to 6 times a year (or every two months, year round). PGW submits that if a leak is detected, it will be investigated consistent with PGW’s Leak Response and Investigation Procedure. If a hazardous condition exists, PGW will take immediate action and repair, replace or remove any unsafe pipeline segments.

Last, PGW proposes to provide a written report to the Commission on or before June 1, 2015, describing the results of the LDPP, including the results of the interim measures.

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

# COMMENTS – BUREAU OF INVESTIGATION AND ENFORCEMENT

On December 2, 2013, the Commission’s Bureau of Investigation and Enforcement (I&E) filed Comments in response to PGW’s proposed LDPP. In its comments I&E contends that PGW’s filing is contrary to the Commission’s directive in the February 19 Order in that it merely recites PGW’s current leak detection procedures along with some temporary interim enhancements while it contains no commitment from PGW to utilize any enhanced leak detection measures that may be found through the procurement process. I&E submits that PGW’s LDPP contains qualifying language that does not commit PGW to employing any enhanced leak detection measures after the procurement process.[[4]](#footnote-4) Therefore, I&E asks the Commission to direct PGW to revise its LDPP to provide an explicit commitment to institute enhanced leak detection measures above and beyond PGW’s current procedures.

I&E also comments on PGW’s proposed interim procedures in the LDPP. I&E recommends that the Commission direct PGW to increase the mobile surveys of high pressure cast iron mains from the proposed twice a year to quarterly with 2 of the 4 surveys conducted during the winter period. As well, I&E recommends that PGW be directed to conduct 4 of the 6 proposed mobile surveys of all 12-inch high pressure cast iron mains during the winter period, rather than just bi-monthly. Further, I&E recommends that PGW’s enhanced leak detection procedures be conducted on all high pressure mains and not just the cast iron mains.

I&E additionally comments on PGW’s current leak classification system as well as recommending other enhancements to PGW’s existing leak detection program. I&E recommends that PGW be directed to simplify its leak classification system by reducing the number of leak categories to better align with the Gas Piping and Technology Committee standards. I&E also recommends that PGW explore treatment of 6-inch and 8-inch cast iron mains the same as 12-inch cast iron mains for the purpose of leak classification protocols. I&E additionally recommends that PGW expressly state that its mobile surveys will not be adversely impacted by the city’s narrow streets during inclement weather and that PGW should coordinate with other entities (highway and water authorities) where evidence of water leaks, sinkholes or other road instability exists.

# MOTION FOR REPLY COMMENTS – PGW

On December 16, 2013, PGW filed a Motion for Leave to Submit Reply Comments in response to I&E’s December 2 Comments. PGW’s Motion alleges I&E’s Comments raise substantive issues regarding the scope and frequency of PGW’s currently used leak detection measures. However, the July 26 Order includes no specific directive to allow for the filing of reply comments to any comments provided in relation to the LDPP. Rather, the July 26 Order only references comments. Specifically, Ordering paragraphs 5.b. and 5.c. state:

5.b. That notice 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*.

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

# DISPOSITION

After review of PGW’s LDPP filing and the Comments filed by I&E, the Commission makes the following determinations. First, the Commission finds that PGW’s LDPP substantially complies with our directives in the July 26 Order. PGW’s LDPP will currently enhance its leak detection program in two ways. First, through the implementation of additional mobile leak surveys for all high pressure (10-35 psig) cast iron mains and, second, for all 12-inch high pressure cast iron mains. Consequently, PGW’s program will enhance its leak surveying in the Philadelphia area immediately and over a full one-year cycle. Further, the use of an RFP/RFQ 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 PGW’s proposal merely recites PGW’s current programs. We also do not believe it is necessary to direct PGW to revise its LDPP by adding language noting an explicit commitment to enhanced leak detection measures. PGW should take note that the Commission expects PGW to employ one or more of the identified enhanced leak detection measures for the 2014/2015 winter season. We do, however, see merit in I&E’s recommendation that PGW’s enhanced leak detection procedures be conducted on all high pressure mains and not just the cast iron mains. Therefore, consistent with our ruling on the LDPP directed by the UGI Order, PGW’s interim enhanced leak surveys shall be conducted on all of PGW’s high risk mains, as defined in PGW’s Distribution Integrity Management Program (DIMP), rather than only on cast iron mains as proposed by PGW. This modification, in conjunction with the increased frequency of mobile leak surveys as proposed by PGW, is a sufficient enhancement of current leak detection procedures while the RFP/RFQ process is completed.  Therefore, all other recommended changes to PGW's interim procedures proposed by I&E are rejected.

The Commission further believes that PGW’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 recommendations regarding enhancements to PGW’s existing leak classification system and inspection and leak detection procedures are more appropriately addressed through cooperative efforts between I&E Gas Safety staff and PGW. Therefore, we direct PGW and I&E Gas Safety to meet on these issues within sixty (60) days of the entry of this order. We also direct PGW and I&E Gas Safety to provide a report to the Commission on the outcomes of the meeting within thirty (30) days after the meeting.

Finally, we find that it is not necessary to grant PGW’s Motion regarding reply comments. While I&E’s comments may have opined on various changes to PGW’s current leak detection measures and leak classification system, such changes were never within the scope of the LDPP. Our modification to the LDPP relates to PGW’s proposed enhanced measures and is not a modification of PGW’s current leak detection procedures. Therefore, the Motion shall be denied.

# CONCLUSION

In summary, the Commission’s goal with this LDPP proceeding is to further minimize the risk of another catastrophic event by directing PGW 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 PGW’s proposal substantially complies with our directives. Consequently, consistent with our discussion above, we shall approve and modify the various provisions of PGW’s proposed LDPP; **THEREFORE,**

**IT IS ORDERED:**

1. That the solicitation process portion of Philadelphia Gas Work’s Leak Detection Pilot Program is approved.

2. That the interim measures portion of Philadelphia Gas Work’s Leak Detection Pilot Program is modified, consistent with the discussion and directive in this Order.

3. That Philadelphia Gas Work’s proposal to provide a written report to the Commission on or before June 1, 2015, describing the results of the Leak Detection Pilot Program is approved.

4. That Philadelphia Gas Work’s Motion for Leave to Submit Reply Comments is denied.

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

6. That a copy of this Final Order be served on all active Parties to the proceedings at Docket No. C-2011-2278312.

**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: January 23, 2014

ORDER ENTERED: January 23, 2014

1. The Commission also requested that PGW utilize a different vendor that UGI, if possible. [↑](#footnote-ref-1)
2. 43 Pa.B. 6741 (November 9, 2013.) [↑](#footnote-ref-2)
3. PGW employs hand-held parts per million leak detectors as well as optical methane detection mobile units that are mounted on PGW vehicles. [↑](#footnote-ref-3)
4. I&E Comments at 3-4. [↑](#footnote-ref-4)