

# Philadelphia Gas Works

Gregory J. Stunder  
Senior Attorney



800 W. Montgomery Avenue, Philadelphia, PA 19122  
Telephone: (215) 684-6878 – Fax (215) 684-6798  
Email: greg.stunder@pgworks.com

August 29, 2014

## VIA EXPRESS MAIL

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> Floor, 1 North  
400 North Street  
Harrisburg, PA 17120

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AUG 29 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

RE: Docket No. M-00021612; Philadelphia Gas Works' Petition for Approval of Field Operations Initiative Implementation Plan and Restructuring Surcharge

Dear Secretary Chiavetta,

PGW previously submitted information in this matter on March 28, 2013 in response to a March 18, 2013 Secretarial Letter. Since then, PGW provided the enclosed Class A meter testing proposal to the Law Bureau and the Bureau of Investigation and Enforcement. With this filing, PGW is submitting this proposal at the request of the Law Bureau.

Please contact me if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory J. Stunder". The signature is stylized and somewhat cursive. Below the signature, the name "Gregory J. Stunder" is printed in a standard font.

Gregory J. Stunder

## **Enclosure**

cc: All Parties of Record  
Terrence Buda, PaPUC – Law Bureau  
Paul Metro, PaPUC – Bureau of Investigation and Enforcement  
Paul Diskin, PaPUC – Bureau of Technical Utility Services

**Philadelphia Gas Works -- Proposal for 20 Year Class A Meter Testing Period**

PGW is proposing a 20 year meter testing period for Class A meters based on nine years of Class A meter testing data from 2004 to 2012. The Pennsylvania Code provides a standard meter testing period in 52 Pa.Code §59.21(b) but a utility may depart from the standard testing period if the meter test results show that the slow and fast meter percentages<sup>1</sup> are below the “Slow Meter Ratio Less Than %” and the “Fast Meter Ratio Less Than %” set forth in 52 Pa.Code §59.21(c)(5) for the second and third immediately preceding year. This regulation is generally applied on an annual basis to annual meter testing results but PGW is proposing to apply the slow and fast meter percentages to the nine year average meter testing results from 2004 to 2012. More specifically, PGW is proposing to apply its average meter testing results to the stricter standard for the second immediately preceding year<sup>2</sup> provided in 52 Pa.Code §59.21(c)(5) as follows:

<b>52 Pa.Code §59.21(c)(5) – Class A Meters</b>		
<u>Slow Meter Ratio</u> <u>Less Than %</u>	<u>Fast Meter Ratio</u> <u>Less Than %</u>	<u>Testing Year’s</u> <u>Permitted Test Period (Years)</u>
10%	10%	14 Years
8%	8%	16 Years
6%	6%	18 Years
4%	4%	20 Years

<sup>1</sup> 52 Pa.Code §59.21(d)(3) sets forth accuracy limits of 98% average accuracy (2% slow) and 102% average accuracy (2% fast). The slow meter percentages are for meters which tested below the 98% accuracy limit and the fast meter percentages are for meters which tested above the 102% accuracy limit.

<sup>2</sup> The standard for the “third immediately preceding year” is less strict because for each permitted test period, the slow and fast meter ratio percentages are 2% higher.

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During the period of 2004 to 2012, PGW tested 325,201 Class A meters which resulted in the following nine year average for slow and fast percentages:

<u>Slow Meter %</u>	<u>Fast Meter %</u>
1.4%	5.8%

This resulting data supports an 18 year meter testing period but PGW is proposing a 20 year testing period because it has already implemented an aggressive six year program to replace a large portion of the class of meters which tested fast.<sup>3</sup> PGW's meter testing data shows that 40% of the fast meters during 2004 to 2012 were older than 35 years. When PGW recasts the 2004 to 2012 testing results by removing the meters older than 35 years, the fast meter percentage is reduced from 5.8% to 3.4%, therefore, the nine year average for slow and fast percentages are:

<u>Slow Meter %</u>	<u>Fast Meter %</u>
1.4%	3.4%

These percentages meet the strictest standard for Class A meters which requires that the slow and fast percentages be less than 4%. As a result, the program to replace all Class A meters which are older than 35 years by 2019 justifies a 20 year testing period.

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<sup>3</sup> The six year meter replacement program began during PGW's FY 2014 and will end during PGW's FY 2019 (PGW's fiscal year begins on September 1 and ends on August 31).

## Class A Meter Testing Data – 2004 to 2012

PGW submitted the 2004 to 2012 meter test results to the Commission on March 28, 2013.<sup>4</sup>

These results are provided in Exhibit A. When PGW calculated the slow and fast percentages provided in Exhibit A, it erroneously included the meters which were retired from service after testing. After the March 28, 2013 submission, PGW realized that the meter testing regulation excludes retired meters from the slow and fast percentage calculations.<sup>5</sup> Accordingly, PGW revised the slow and fast percentage calculations to exclude the retired meters and the revised percentages are presented in Exhibit B.

PGW's Class A meter inventory totals approximately 550,000 meters and, during the period of 2004 to 2012, PGW tested 325,201 meters. The revised 2004-2012 meter testing data shows the following results (see Exhibit B):

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<sup>4</sup> The test results were originally provided to Paul Metro on March 13, 2013 in a letter from Paul Mondimore (PGW's Vice President of Operations). On March 28, 2013, PGW submitted this letter to the Commission in Docket No. M-00021612.

<sup>5</sup> 52 Pa.Code §59.21 provides (emphasis added):

**§ 59.21. Meter tests.**

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(c) *Extended test schedule for Class A, Class B or Class C meters.* A public utility may depart from the requirements of subsection (b) for Class A, Class B or Class C meters in a testing year, and instead make and record tests using one of the test periods prescribed in paragraph (5), if the following requirements are met:

- (1) ... Meters removed under this paragraph shall be tested and included in the calculations under paragraph (2) **unless a meter was permanently retired from service** or damaged by factors other than normal age or wear such as tampering or damage beyond the control of the public utility.

Year	Exhibit B Slow Meter %	Exhibit B Fast Meter %
2004	1.4%	4.9%
2005	3.3%	8.6%
2006	3.2%	6.7%
2007	1.8%	6.9%
2008	1.6%	5.8%
2009	0.1%	3.4%
2010	0.2%	5.4%
2011	0.7%	6.8%
2012	0.7%	4.0%
<b>Average</b>	<b>1.4%</b>	<b>5.8%</b>

The nine year average for the meters which tested fast -- 5.8% -- supports an 18 year meter testing program. Pursuant to 52 Pa.Code §59.21(c)(5), an 18 year meter testing program is permissible if the slow and fast meter percentages do not exceed 6%.

PGW has reviewed the ages of the meters which were tested during 2004 to 2012 and discovered that 40% of the meters which tested fast were older than 35 years.<sup>6</sup> The older meter population occurred because: 1) meters which tested within the accuracy limits (within +/- 2%)<sup>7</sup> were returned to service, regardless of age, after reconditioning and equipping the meter with a new AMR device; and 2) meters which did not test within the accuracy limits were calibrated, reconditioned (to bring the meter's accuracy back to within tolerance) and returned to service.<sup>8</sup>

The foregoing procedures resulted in meters being returned to service regardless of age and some *reconditioned meters remained in service 60+ years before being retired from service.*

<sup>6</sup> Each meter is badged by the manufacturer with the date of manufacture.

<sup>7</sup> 52 Pa.Code §59.21(d)(3) sets forth accuracy limits of 98% average accuracy (2% slow) and 102% average accuracy (2% fast).

<sup>8</sup> If meters could not be adjusted to restore the meter's accuracy within tolerance, the meters were retired from service.

During 2013, PGW determined that its current meter inventory included 63,300 meters which will be older than 35 years by the end of PGW's FY 2019. As a result of these findings, PGW has implemented a meter replacement program which will replace the 63,300 meters during FY 2014 to FY 2019.<sup>9</sup>

PGW's program to retire the 63,300 meters provides a firm basis for the present justification of a 20 year meter testing period. Supporting this justification is Exhibit C, which recalculates the 2004-2012 fast meter testing percentages after meters older than 35 years are removed from the fast meter percentage calculation. After adjusting the calculation, the nine year average for the meters which tested fast is 3.4%. Pursuant to 52 Pa.Code §59.21(c)(5), a 20 year meter testing program is permissible if the slow and fast meter percentages do not exceed 4%. The following shows the adjusted calculation for the fast meters (Exhibit C):

<b>Year</b>	<b>Exhibit B Slow Meter %</b>	<b>Exhibit C Fast Meter %</b>
<b>2004</b>	1.4%	2.9%
<b>2005</b>	3.3%	5.1%
<b>2006</b>	3.2%	4.0%
<b>2007</b>	1.8%	4.2%
<b>2008</b>	1.6%	3.5%
<b>2009</b>	0.1%	2.1%
<b>2010</b>	0.2%	3.3%
<b>2011</b>	0.7%	4.1%
<b>2012</b>	0.7%	2.4%
<b>Average</b>	<b>1.4%</b>	<b>3.4%</b>

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<sup>9</sup> FY 2014 begins on 9/1/13 and FY 2019 ends on 8/31/19.

## **AMR Replacement Program**

PGW is also presenting information about its AMR Replacement Program in this proposal because there are synergies between the AMR Replacement Program and the meter replacement program set forth above. The main components of PGW's AMR Replacement Program are as follows:

1. **Contacting Customers for AMR Device Replacement**: When the useful battery life of an AMR device is nearing, PGW contacts customers to schedule an appointment for a meter exchange (the replacement meter is equipped with a new AMR device).
2. **Replacing AMR Devices During a Customer Requested Service Visit**: When a customer contacts PGW for any type of service request, the PGW Customer Service Representative is automatically prompted to review the customer's account to verify the AMR device installation date and whether the AMR device is transmitting monthly meter readings. After verification, if needed, one appointment is scheduled for both the customer's service request and a meter/AMR device replacement.
3. **Detecting Premature Battery Failure**: In order to detect the premature failure of an AMR device battery, PGW's Field Service Department reviews a monthly report listing all service addresses at which the AMR device has not transmitted a meter reading for three (3) consecutive months or more. The customers at these service addresses are contacted and an appointment is scheduled for a meter/AMR device replacement.

PGW coordinates the AMR Replacement Program and the meter replacement program discussed above by retiring all meters which are older than 35 years which are removed from service pursuant to the AMR Replacement Program. A few of the benefits of coordinating both

programs are: minimizing disruption to customers by scheduling fewer field visits; minimizing cost to perform service work by scheduling fewer field visits; and reducing the cost of communications (letters, posts, phone calls) to schedule appointments.

**EXHIBIT A**

**AS ORIGINALLY REPORTED IN MARCH 11, 2013 LETTER TO PAUL METRO**

**Summary of All Meter Test Results for the Years 2004 through 2012**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>
<b>Year</b>	<b>Meters Tested</b>	<b>Meters Within 2% Accuracy Limit</b>	<b>Meters Outside 2% Accuracy Limit</b>	<b>Slow Meters</b>	<b>Fast Meters</b>	<b>% of Meters Within 2% Accuracy Limit</b>	<b>% of Meters Outside 2% Accuracy Limit</b>	<b>% Slow</b>	<b>% Fast</b>
2004	9,754	8,918	836	221	615	91.4%	8.6%	2.3%	6.3%
2005	13,834	11,903	1,931	604	1,327	86.0%	14.0%	4.4%	9.6%
2006	20,981	18,689	2,292	764	1,528	89.1%	10.9%	3.6%	7.3%
2007	52,894	47,805	5,089	1,163	3,926	90.4%	9.6%	2.2%	7.4%
2008	66,689	60,363	6,326	2,000	4,326	90.5%	9.5%	3.0%	6.5%
2009	45,752	41,093	4,659	1,610	3,049	89.8%	10.2%	3.5%	6.7%
2010	40,673	36,058	4,615	1,078	3,537	88.7%	11.3%	2.7%	8.7%
2011	37,325	32,123	5,202	1,251	3,951	86.1%	13.9%	3.4%	10.6%
2012	37,299	32,389	4,910	1,274	3,636	86.8%	13.2%	3.4%	9.7%
	<b>325,201</b>	<b>289,341</b>	<b>35,860</b>	<b>9,965</b>	<b>25,895</b>	<b>88.8%</b>	<b>11.2%</b>	<b>3.2%</b>	<b>8.1%</b>
	(C + D = B)		(E + F = D)			(G = C / B)	(H = D / B)	(I = E / B)	(J = F / B)
<b>Note: The highlighted columns match data provided in other exhibits.</b>									

**EXHIBIT B**

**REVISED - RETIRED METERS REMOVED FROM SLOW AND FAST PERCENTAGE CALCULATIONS**

**Summary of Meter Test Results Recalculated per PA Code 59.21 (c) (1)**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J</b>
<b>Year</b>	<b>Meters Tested</b>	<b>Slow Meters As Originally Reported</b>	<b>Fast Meters As Originally Reported</b>	<b>Slow Meters Retired</b>	<b>Fast Meters Retired</b>	<b>Slow meters (net of retired meters)</b>	<b>Fast meters (net of retired meters)</b>	<b>Revised % Slow</b>	<b>Revised % Fast</b>
2004	9,754	221	615	86	138	135	477	1.4%	4.9%
2005	13,834	604	1,327	153	140	451	1,187	3.3%	8.6%
2006	20,981	764	1,528	103	125	661	1,403	3.2%	6.7%
2007	52,894	1,163	3,926	202	265	961	3,661	1.8%	6.9%
2008	66,689	2,000	4,326	936	473	1,064	3,853	1.6%	5.8%
2009	45,752	1,610	3,049	1,548	1,484	62	1,565	0.1%	3.4%
2010	40,673	1,078	3,537	983	1,331	95	2,206	0.2%	5.4%
2011	37,325	1,251	3,951	990	1,420	261	2,531	0.7%	6.8%
2012	37,299	1,274	3,636	1,015	2,148	259	1,488	0.7%	4.0%
	<b>325,201</b>	<b>9,965</b>	<b>25,895</b>	<b>6,016</b>	<b>7,524</b>	<b>3,949</b>	<b>18,371</b>	<b>1.4%</b>	<b>5.8%</b>
						<b>(G = C - E)</b>	<b>(H = D - F)</b>	<b>(I = G / B)</b>	<b>(J = H / B)</b>
<b>Note: The highlighted columns match data provided in other exhibits.</b>									

**EXHIBIT C**

**Calculation of Fast Meters Tested Which Are Less Than 35 Years Old**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Year</b>	<b>Meters tested</b>	<b>Fast Meters (net of retired meters)</b>	<b>Percentage of fast meters tested which are &lt; 35 years old</b>	<b>Fast Meters tested which are &lt; 35 years old</b>	<b>Fast Meter % &lt; 35 years old</b>
2004	9,754	477	60%	286	2.9%
2005	13,834	1,187	60%	712	5.1%
2006	20,981	1,403	60%	842	4.0%
2007	52,894	3,661	60%	2,197	4.2%
2008	66,689	3,853	60%	2,312	3.5%
2009	45,752	1,565	60%	939	2.1%
2010	40,673	2,206	60%	1,324	3.3%
2011	37,325	2,531	60%	1,519	4.1%
2012	37,299	1,488	60%	893	2.4%
	<b>325,201</b>	<b>18,371</b>		<b>11,024</b>	<b>3.4%</b>
				<b>E = C x D</b>	<b>F = E / B</b>
<b>Note: The highlighted columns match data provided in other exhibits.</b>					

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

**VIA FIRST CLASS MAIL**

Charis M. (Burak) Mincavage, Esquire  
McNEES, WALLACE, NURICK  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166

Johnnie Simms, Esq.  
Richard A. Kanaskie, Esq.  
Office of Trial Staff  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Stephen Gray, Esq.  
Office of Small Business Advocate  
Commerce Building, Suite 1102  
300 North 2nd Street  
Harrisburg, PA 17101

Tanya McCloskey, Esq.  
Office of Consumer Advocate  
5th Floor, Forum Place Bldg.  
555 Walnut Street  
Harrisburg, PA 17101-1921

Robert Ballenger, Esq.  
Philip Bertocci, Esq.  
Community Legal Services  
1424 Chestnut Street  
Philadelphia, PA 19102  
Fax: (215) 981-0434

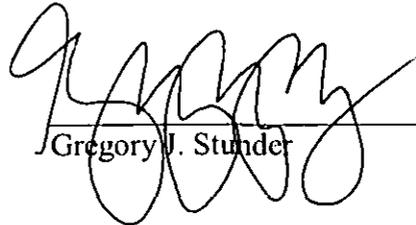
Scott J. Rubin, Esquire  
3 Lost Creek Drive  
Selinsgrove, PA 17870

James P. Leonard, Esq.  
Cooper Leonard & Schaffer, LLC  
1525 Locust St., 13<sup>th</sup> Fl.  
Philadelphia, PA 19102

James P. Melia, Esquire  
Daniel Delaney, Esquire  
Kirkpatrick & Lockhart LLP  
240 North Third Street  
Harrisburg, PA 17101-1507

PECO Legal Department  
PECO Energy Company  
2301 Market Street  
P.O. Box 8699  
Philadelphia, PA 19103

Dated: August 29, 2014

  
\_\_\_\_\_  
Gregory J. Stunder

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