



PEOPLES NATURAL GAS™



PEOPLES TWP

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March 4, 2015

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Peoples TWP LLC
Annual Asset Optimization Plan Filing
Docket No. M-2015

Dear Secretary Chiavetta:

Enclosed on behalf of Peoples TWP LLC is the Annual Asset Optimization Plan containing actual performance for the twelve months ended December 31, 2014 and projected performance for the calendar year 2015

Respectfully submitted,

Lynda W. Petrichevich

Enclosure

cc: Matt Stewart, Bureau of Technical Utility Services (via E-mail)

Peoples TWP LLC
2013 – 2017 Long-Term Infrastructure Improvement Plan
2015 Annual Asset Optimization Plan

Background

Peoples TWP LLC (“PTWP”) received approval of its 2013-2017 Long-Term Infrastructure Improvement Plan (“LTIIP”) and Distribution System Improvement Charge (“DSIC”) by Commission Order dated May 23, 2013 at Docket No. P-2013-2344595. PTWP began billing the DSIC surcharge July 1, 2013.

Annual Asset Optimization Plan

In accordance with the requirements at 66 Pa. Code §1356, a utility with an approved DSIC must file an Annual Asset Optimization Plan (“AAOP”). The AAOP must contain:

- (1) a description that specifies all eligible property repaired, improved and replaced in the prior 12-month period under its LTIIP and prior year’s AAO Plan;**
- (2) a description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.**

This report is filed in compliance with the above requirements.

Description of all eligible property repaired, improved and replaced in the prior 12-month period under its LTIIP and prior year’s AAO Plan

In the 2014 AAOP filed on August 13, 2014, PTWP submitted a revised LTIIP spending projection of \$13.4 million for 2014. The 2014 revised spending projection was \$4.3 million higher than the 2014 planned spending commitment of \$9.1 million that was set forth in PTWP’s Commission approved LTIIP. The higher projected spending amounts for 2014 reflected \$2.0 million of planned but unspent expenditures from 2013 as well as \$2.4 million in additional expenditures to address higher risk pipelines in 2014.

Primarily as a result of the acceleration of planned projects from 2015 to 2014, PTWP spent a total of \$15 million on LTIIP projects in 2014, which is \$5.9 million or 65% more than the planned 2014 expenditures from the Commission approved LTIIP and \$1.6 million or 12% more than projected in the 2014 AAOP for 2014. The majority of the additional spending was in the line replacement category which resulted in a total of 31.6 miles of pipe replacement. Of this mileage, approximately 29 miles of bare steel was removed from the system. Overall, 26% more pipe was removed than previously projected in the 2014 AAOP. The 2014 activity resulted in reducing the PTWP average risk on all pipelines from an average risk score of 8.91 at the beginning of 2014 to 8.39 by year end. For the bare steel category specifically, the average risk score dropped from 14.03 at the beginning of the LTIIP (2013) to 12.85 by the end of 2014 which is an 8.5% reduction in just two years.

Actual expenditures for meter replacements were down by approximately 600 from plan for 2014. The reduction was primarily driven by standardizing the number of meter changes that contribute to the required number of statistical meter changes

Additional details on spending amounts and property improved or replaced can be found in Table A. Additional details will also be provided in response to the Commission's Bureau of Technical Utility Services Annual Natural Gas Reliability Data - 2015 data request that is due in June.

Description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period

Total projected LTIP related expenditures for 2015 are \$10.4 million. This amount is consistent with the planned expenditures for 2015 as set forth in the approved LTIP. The 2015 planned expenditures of \$10.4 million exceed the 2014 LTIP spending commitment of \$9.1. In order to maximize the reduction in overall system risk in 2015, PTWP will prioritize pipeline replacement in the most populated service areas. Based on the urban area focus and the project plans for 2015, PTWP projects that it will replace approximately 22 miles of pipelines on the PTWP system during 2015.

Attached Table B provides further details on the projected amounts of 2015 LTIP property to be replaced and related capital expenditures.

Peoples TWP
Annual Asset Optimization Plan (AAOP)
Comparison of 2014 AAOP Projections to 2014 Actuals

Table A

1	3	4
	Peoples TWP	Peoples TWP
	Property Repaired, Improved and Replaced As Projected in 2014 AAOP	Property Repaired, Improved and Replaced during the TME December 31, 2014
Pipe in Miles 1/	25	31.6
Company Owned Services	600	925
Meter Replacement	1,200	579
Capital \$		
Pipeline Replacement	\$9.7	\$12.2
Company Owned Services	\$1.8	\$2.1
Meters	\$1.9	\$0.7

1/ 2014 Actual Pipe by Type in Miles:

Bare Steel	28.56
Coated Steel	2.40
Plastic	0.64

Miles include relocations, reliability improvements and segments of pipelines which have been partially repaired.

Peoples TWP
 Annual Asset Optimization Plan (AAOP)
 2015 LTIP Projections
Table B

1	2	3
	Peoples TWP	Peoples TWP
	Property Repaired, Improved and Replaced As Projected for 2015 in Revised LTIP	Property Repaired, Improved and Replaced As Projected in 2015 AAOP
Pipe in Miles	27	22
Company Owned Services	800	630
Meter Replacement	1,200	1,100

<u>Capital \$</u>		
Pipeline Replacement	\$8.5	\$8.1
Company Owned Services	\$0.8	\$1.4
Meters	\$1.1	\$0.9
Total Capital \$	\$10.4	\$10.4