

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 14, 2016

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: Petition of Philadelphia Gas Works  
For Approval of its Modified Long-Term  
Infrastructure Improvement Plan  
Docket Nos. P-2012-2337737  
P-2015-2501500

Dear Secretary Chiavetta:

Attached for electronic filing are the Comments of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Erin L. Gannon

Erin L. Gannon  
Senior Assistant Consumer Advocate  
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Attachment

cc: Office of Administrative Law Judge  
Office of Special Assistants  
Certificate of Service

\*218368

CERTIFICATE OF SERVICE

Re: Petition of Philadelphia Gas Works :  
for Approval to Establish a Distribution : Docket Nos. P-2012-2337737  
System Improvement Charge : P-2015-2501500  
:

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 14<sup>th</sup> day of March 2016

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works : P-2012-2337737  
for Approval of its Modified Long-Term : P-2015-2501500  
Infrastructure Improvement Plan :

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COMMENTS OF THE  
OFFICE OF CONSUMER ADVOCATE

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Dated: March 14, 2016

## I. INTRODUCTION

On February 12, 2016, Philadelphia Gas Works (PGW or Company) filed a Modified Long-Term Infrastructure Improvement Plan (LTIIP). The modified plan is filed in order to comply with the Commission's January 28, 2016 Order in Docket No. P-2015-2501500. In that Order, the Commission granted waiver of the 5% statutory cap on the Distribution System Improvement Charge (DSIC) and permitted PGW to increase its DSIC cap to 7.5% of distribution revenues. The Commission also directed PGW to file a petition to modify its LTIIP detailing how it plans to expend the additional DSIC revenues for the remainder of the current LTIIP period (until August 31, 2017). Order at 46. Until the modified LTIIP is approved, PGW is not permitted to spend above the amount authorized in its existing LTIIP (\$22 Million) unless and until the PUC approves a modified LTIIP. Id.

One of the reasons forwarded by PGW for delaying filing of a modified LTIIP was to incorporate recent benchmarking and prioritization studies and the risk assessment set forth in its revised Distribution Integrity Management Plan (DIMP).<sup>1</sup> The proposed LTIIP, *inter alia*, reflects this updated prioritization. LTIIP at 9-12. The LTIIP also provides an update to take into account the additional funding levels resulting from a higher DSIC cap. Id. at 15-17.

## II. OCA COMMENTS

In its Comments on PGW's original LTIIP filing, the OCA raised, *inter alia*, the following issues. First, the OCA noted that the benchmark studies attached to PGW's filing discussed percentage reduction in breaks/incidents. PGW Petition for Approval of an LTIIP,

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<sup>1</sup> The recent, fourth version of the DIMP responds to issues raised by the Commission's Gas Safety Division. Order at 11.

Docket No. P-2012-2337737, OCA Comments at 7 (Dec. 24, 2012). The OCA recommended that PGW provide a calculation of avoided costs attributable to the Company's proposed annual cast iron pipe replacement levels.

Second, the OCA recommended that PGW inform the Commission how it plans to replace service lines and other appurtenances in conjunction with main replacements to ensure the most cost-effective and timely deployment. Id. at 5. With regard to service lines, the OCA recommended that the Company provide information on the expected incidental reduction in bare steel service lines due to the acceleration of the smaller diameter cast iron main replacements.

Third, the OCA recommended that the Company provide basic performance information for PGW's system – such as leak rates per 1,000 services by material type or leaks per mile of main by pipe material type – to allow the Commission to begin to gauge the effectiveness of current programs. Id. at 5-6. The OCA noted that this information is available in the Company's annual DOT 7100 reports and recommended that PGW provide its DOT 7100 reports for the prior five years.

The Commission noted in its 2013 Order that PGW provided the above information in response to Commission Staff data requests TUS-P-11, 12 and 17. See PGW Petition for Approval of an LTIIIP, Docket No. P-2012-2337737, Order at 15-16, 20-21 (Apr. 4, 2013). The Commission approved the Company's original LTIIIP based on its review of the LTIIIP and this supplemental information. Id. at 17, 21. Accordingly, the OCA submits that the same information would assist the Commission's review of PGW's modified LTIIIP.

In summary, the OCA submits that the following supplemental information may assist the Commission and its staff in their review of PGW's modified LTIIIP:

1. information on the expected incidental reduction in bare steel services due to the acceleration of the smaller diameter cast iron main replacements;
2. PGW's 2012, 2013, 2014 and 2015 DOT 7100 reports; and
3. a calculation of avoided costs attributable to replacing 30 miles of cast iron main in 2016 and 35 miles in 2017.

### III. CONCLUSION

The OCA submits that, while it is not requesting a hearing in this proceeding at this time, the Company should provide additional information with its filing to allow the Commission to determine if PGW's Modified LTIP accelerates infrastructure repair and replacement in a cost effective manner as required by Act 11.

Respectfully submitted,



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