



PHILADELPHIA GAS WORKS

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October 21, 2020

Via E-Filing Only

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

Re: Periodic Review of Philadelphia Gas Works' ("PGW") Long-Term Infrastructure Improvement Plan, Docket No. M-2020-3019711

Dear Secretary Chiavetta:

Enclosed for filing are reply comments on behalf of Philadelphia Gas Works ("PGW"), in the above referenced matter. Copies of this correspondence have been served on the parties of record.

If you have any questions on this matter please do not hesitate to contact me..

Respectfully,

/s/ Craig W. Berry
Craig W. Berry, Esquire

Enclosure

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CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's reply comments upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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/s/ Craig W. Berry
Craig W. Berry, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Periodic Review of Philadelphia Gas Works’ : Docket No. M-2020-3019711
Long-Term Infrastructure Improvement Plan :
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**REPLY COMMENTS OF
PHILADELPHIA GAS WORKS IN RESPONSE TO
THE BUREAU OF INVESTIGATION AND ENFORCEMENT, PIPELINE SAFETY
DIVISION’S COMMENTS FILED ON SEPTEMBER 28, 2020**

Philadelphia Gas Works (“PGW” or “Company”) hereby files these reply comments in response to the Pennsylvania Public Utility Commission’s (“PUC”) Bureau of Investigation and Enforcement, Pipeline Safety Division’s (“BIE”) comments¹ regarding the PUC’s letter initiating a periodic review of PGW’s Long-Term Infrastructure Improvement Plan (“LTIIIP”) in Docket No. M-2020-3019711.²

I. BACKGROUND

On September 28, 2020, BIE filed comments in this proceeding. PGW filed comments on October 1, 2020, which included a detailed history of the Company’s LTIIIP.³ PGW will file its Eighth Annual Asset Optimization Plans (“AAO Plan”) by October 31, 2020 covering the third year of the current LTIIIP (LTIIIP II) from September 1, 2019 to August 31, 2020 (PGW FY 2020).

¹ Docket No. M-2020-3019711, Comments of the Bureau of Investigation and Enforcement, Pipeline Safety Division, filed September 28, 2020 (“BIE Comments”).

² Docket No. M-2020-3019711, Secretarial Letter (September 1, 2020).

³ Docket No. M-2020-3019711, Comments of Philadelphia Gas Works, filed October 1, 2020 (“PGW Comments”).

II. PGW'S REPLY COMMENTS

First, BIE in its comments states that PGW's cast iron main replacement goal for FY 2020 is 31.70 miles and due to the restrictions imposed by the COVID-19 pandemic, PGW has not completed that amount. Further, BIE states that "PGW plans to replace the deficit before the end of the 2020 calendar year and are on target to replace 31.59 miles of cast iron projected for FY 2021."⁴

Second, BIE requests that PGW adjust or amend the Company's LTIP to reflect the additional replacement pipeline mileage following the final approval of revenue received in the current base rate case, Docket No. R-2020-3017206.⁵

PGW Response

To BIE's first point, PGW acknowledged in its comments that the restrictions imposed by COVID-19 resulted in delays to the Company's pipeline replacement program. The final miles of pipeline replaced in FY2020, including the impact of the COVID-19 pandemic on LTIP II Implementation, will be in the Company's next AAO Plan filed by October 31, 2020. Additionally, PGW will address the inclusion of additional mileage as part of the projected FY 2021 planning in the AAO Plan.

As noted, BIE's second point is that "PGW [should] adjust or amend their LTIP to reflect the additional replacement of pipeline mileage following the final approval of revenue received in the current rate base case, Docket No. R-2020-3017206."⁶ BIE's underlying assumption is that to the extent PGW receives a rate increase in its pending base rate case, the higher distribution revenue will result in an additional Distribution System Improvement Charge

⁴ BIE Comments at 1.

⁵ BIE Comments at 1.

⁶ BIE Comments at 1.

(“DSIC”) revenue because the percentage “cap” is applied to the higher distribution revenue. While this technically correct, PGW notes that the additional base rate case revenue remains uncertain; the PUC is not scheduled to review PGW’s rate increase request until December 3, 2020. Additionally, pursuant to the Joint Petition for Partial Settlement that was submitted by PGW and, *inter alia*, BIE, PGW has already agreed to present a shortened time frame for cast iron main replacement in its next LTIP filing (LTIP III),⁷ which would occur in the first half of calendar year 2022. To the extent that additional DSIC revenue is available for LTIP II (as a result of final approval of a rate increase in PGW’s current base rate case), PGW will indicate the level of additional spending it intends in its projected AAO Plan as well the specific projects on which it intends to spend the additional revenues.⁸

III. CONCLUSION

PGW looks forward to assisting the PUC in its review of PGW’s LTIP II. PGW will be updating the PUC on year-three, FY 2020, results when PGW files its Eighth AAO Plan by October 31, 2020.

Respectfully submitted,

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Dated: October 21, 2020

⁷ Docket No. R-2020-3017206, Joint Petition for Partial Settlement (August 26, 2020), ¶ 45. The Partial Settlement was materially modified by the Administrative Law Judges and is pending before the full Commission with Exceptions filed by PGW and BIE among other parties.

⁸ PGW does not view the additional revenue that may result from the base rate case as a “major modification” under 52 Pa. Code § 121.2.