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File #: 176154

November 3, 2022

VIA ELECTRONIC FILING

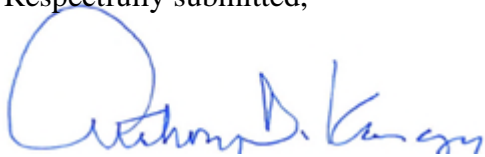
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of National Fuel Gas Distribution Corporation For Approval Of A Long-Term Infrastructure Improvement Plan For The Period January 1, 2023 Through December 31, 2027
Docket No. P-2022-3034957

Dear Secretary Chiavetta:

Attached for filing please find the Reply Comments of National Fuel Gas Distribution Corporation in the above-referenced proceeding. Copies will be provided per the attached Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/kl
Attachment

cc: Office of Administrative Law Judge (*via email only*)
Paul Diskin, Bureau of Technical Utility Services (*via email only*)
Darren Gill, Bureau of Technical Utility Services (*via email only*)
Debra Backer, Bureau of Technical Services (*via email only*)
Certificate of Service (*via email only*)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

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222 Pine Street
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Date: November 3, 2022



Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of National Fuel Gas Distribution :
Corporation For Approval Of A Long-Term :
Infrastructure Improvement Plan For The : Docket No. P-2022-3034957
Period January 1, 2023 Through December :
31, 2027 :

**REPLY COMMENTS OF NATIONAL FUEL GAS
DISTRIBUTION CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

National Fuel Gas Distribution Corporation (“National Fuel” or the “Company”) hereby files these Reply Comments in response to comments of the Office of Consumer Advocate (“OCA”) to National Fuel’s Petition for Approval of a Long-Term Infrastructure Improvement Plan (“LTIIIP”).

National Fuel recognizes that 66 Pa. C.S. § 1352,¹ the Final Implementation Order of the Pennsylvania Public Utility Commission (the “Commission”) entered at Docket No. M-2012-2293611 on August 2, 2012,² and the Commission’s regulations at 52 Pa. Code §§ 121.1 to 121.8 do not explicitly provide for Reply Comments. However, the Company requests that the Commission take into consideration these Reply Comments, which address the recommendations OCA has raised regarding the programs identified in the Company’s LTIIIP.

¹ Also known as Act 11 of 2012 (“Act 11”).

² *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, entered on August 2, 2012. (“Implementation Order”).

I. BACKGROUND

1. On September 2, 2022, National Fuel filed its proposed LTIP with the Commission. The LTIP follows the statutory requirements set forth in Act 11 and follows the Commission's requirements set forth in the Implementation Order.

2. On October 3, 2022, the OCA filed comments to the Company's LTIP. The OCA noted that the Company's plan reflects a thorough effort to address the statutory and regulatory requirements. However, OCA requested in its comments that the Company provide certain additional information.

3. In these Reply Comments, the Company addresses OCA's requests.

II. REPLY COMMENTS

A. RESPONSE TO OCA'S FIRST RECOMMENDATION

4. In its first recommendation, OCA notes that the Company has provided historic information related to miles of distribution and transmission pipe that the Company has replaced and projected information for miles of distribution and transmission pipe it intends to replace. OCA requests that the Company provide historic (if available) and projected information for the other categories of plant, including service lines and meter sets, meter and regulator stations, farm taps, system reliability improvements, vintage plastic, highway and other public improvement projects and other related capital costs. OCA Comments, p. 3.

5. With respect to historic information for these categories, historically the Company generally has not maintained and/or is unable to easily access information regarding the number of meter sets replaced or system reliability improvements implemented each year. Therefore, it would not be possible to provide an accurate count for these categories. In addition, it would be difficult to quantify other related capital costs for 2016 through 2021. The Company could provide

historic information for the other categories, including service lines, regulator stations, farm taps, vintage plastic, highway and other public improvement projects, if requested by the Bureau of Technical Utility Services (“TUS”).

6. With respect to projected information related to these categories, consistent with its response relative to historical information, the Company is able to provide projected estimates for these categories with the exception of meter sets, system reliability improvements and other related capital costs. The Company does not separately track this information, and it would be difficult to do this. In addition, the quantities of infrastructure that will be replaced in these categories will likely be highly variable from year-to-year as National Fuel prioritizes projects in different locations. Some locations will have a higher density with more units in these categories, and other locations will be more rural with a lower density of units. Therefore, it is very difficult to predict the quantities of units in these other categories given the variability components by mile. The Company is committed to meeting the budgetary and mileage replacement goals that are set forth in its LTIIP to the extent possible. If these goals cannot be met for some reason, the Company will make the appropriate filing with the Commission.

B. RESPONSE TO OCA’S SECOND RECOMMENDATION

7. In its second recommendation, OCA requests that the Company provide annual historic and projected spend amounts by category. OCA Comments, p. 3.

8. With respect to historic spend by category, as noted above, National Fuel has not historically tracked the number of meter sets replaced or the number of system reliability improvements implemented. Therefore, the Company cannot provide an accurate estimate of historic costs for these categories. With respect to highway and other public improvement projects, the Company could provide a high-level breakdown by consolidated activity type if requested by

TUS. The Company could provide historic spend information for the other categories, including service lines, regulator stations, farm taps, and vintage plastic, if requested by TUS.

9. With respect to projected annual expenditures by category, the Company would be able to provide projected cost estimates for these categories with the exception of meter sets, system reliability improvements and other related capital costs. As noted above, the Company does not separately track this information. In addition, the quantities of infrastructure related to many of the components, such as service lines for example, will be variable and dependent upon customer density, the Company's actual replacements and costs in these subcategories may differ from initial estimates. As noted above, the Company is committed to meeting the budgetary and mileage replacement goals that are set forth in its LTIP.

C. RESPONSE TO OCA'S THIRD RECOMMENDATION

10. In its third recommendation, OCA states that National Fuel's LTIP accelerates the replacement of aged mains by 7 years compared to the Company's current replacement rate. OCA Comments, p. 4. OCA requests that the Company provide an explanation as to why its chosen rate of replacement is appropriate to provide and maintain safe and reliable service.

11. In response, National Fuel notes that it has elected a 5-year acceleration schedule. The Company chose its 5-year acceleration schedule for several reasons. First, the Company notes that it already has eliminated over 207 miles of leak-prone bare steel and wrought iron mains since 2016 (the Company does not have any cast iron pipe). The Company's distribution system is safe and reliable, however, the acceleration will better align the Company's pace of replacement with other gas utilities in Pennsylvania.

12. National Fuel also elected a 5-year acceleration schedule to balance replacement of aging infrastructure with rate impacts to customers. A faster acceleration schedule would increase capital expenditures and create additional rate increases for customers.

13. The 5-year acceleration schedule also takes into account contractor availability. If the Company chose a schedule that accelerated replacement even faster, it could have contractor availability issues and/or create higher costs for replacements.

14. National Fuel believes that its 5-year accelerated schedule reasonably balances all of these issues.

D. RESPONSE TO OCA'S FOURTH RECOMMENDATION

15. In its fourth recommendation, OCA explains that whether plant is included in the LTIP does not dictate distribution system improvement charge ("DSIC") recovery. OCA Comments, p. 4. OCA further states that it will address cost recovery in a future proceeding.

16. In response, the Company notes that all of its LTIP plant is DSIC eligible property. The Company further notes that it has not filed for approval of a DSIC at this time but will likely file for such approval at a later date.

E. CONCLUSION

WHEREFORE, National Fuel notes that the OCA was the only party that filed comments to the Company's LTIIP, and that neither the OCA nor any other party has requested a hearing in this proceeding. National Fuel has further addressed OCA's comments and respectfully requests that the Pennsylvania Public Utility Commission consider these Reply Comments and approve the Company's LTIIP.

Respectfully submitted,



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Garrett P. Lent, Esquire (PA ID #321566)
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Date: November 3, 2022

Counsel for National Fuel Gas Distribution Corporation

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of National Fuel Gas Distribution :
Corporation For Approval Of A Long-Term :
Infrastructure Improvement Plan For The : Docket No. P-2022-3034957
Period January 1, 2023 Through December :
31, 2027 :

VERIFICATION

I, Mark C. Schaefer, on behalf of National Fuel Gas Distribution Corporation, do hereby state that the information set forth in the foregoing Reply Comments are true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth herein.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Mark Schaefer

Date: November 3, 2022