

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held December 22, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
Stephen M. DeFrank, Vice Chairman  
Ralph V. Yanora  
Kathryn L. Zerfuss  
John F. Coleman, Jr.

Petition of National Fuel Gas Distribution Corporation  
for Approval of its Long-Term Infrastructure  
Improvement Plan

Docket Number:  
P-2022-3034957

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration is the Petition of National Fuel Gas Distribution Corporation (NFG) for approval its Long-Term Infrastructure Improvement Plan (LTIIIP). The Petition was filed on September 2, 2022. Copies of the LTIIIP were served upon the statutory advocates and the parties of record from NFG's most recent base rate case proceeding.<sup>1</sup>

The Office of Consumer Advocate (OCA) filed comments on October 3, 2022. OCA averred that, *inter alia*, NFG should file more detailed information regarding

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<sup>1</sup> See Docket No. R-2022-3035730.

historic replacement amounts and expenditures by category, in order to assist the Commission in its evaluation of the LTIIIP. OCA also suggested that NFG provide a more detailed explanation of why its rate of acceleration is appropriate. Finally, OCA asked that the Commission reaffirm that the inclusion of property in an LTIIIP is not dispositive of whether that property will be afforded a Distribution System Improvement Charge (DSIC) recovery. OCA Comments at 3-5.

The Bureau of Investigation and Enforcement (BIE) filed comments on October 27, 2022. In its comments, BIE stated that it supports NFG's proposed rate of infrastructure acceleration outlined in the LTIIIP. BIE also stated that it reserves the right to fully investigate and evaluate the programming and cost ramifications of the LTIIIP in NFG's upcoming Petition for Approval of DSIC or other such filing. BIE Comments at 4.

NFG filed reply comments on November 3, 2022, responding to OCA's comments.

No other comments were received. For the reasons expressed in this Opinion and Order we will approve NFG's LTIIIP.

## **BACKGROUND**

Effective April 16, 2012, Act 11 of 2012, (Act 11) provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a DSIC to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility's distribution system. The eligible property for the utilities is defined in 66 Pa.C.S. §1351.

Act 11 states that as a precondition to the implementation of a DSIC, a utility must file a LTIP with the Commission consistent with 66 Pa.C.S. § 1352.

The Commission promulgated regulations relating to LTIPs at 52 Pa. Code §§ 121.1 – 121.8 that became effective December 20, 2014. In accordance with the regulations, DSIC-eligible utilities must include the following elements in an LTIP:<sup>2</sup>

- (1) Types and age of eligible property;
- (2) Schedule for planned eligible property repair and replacement;
- (3) Location of the eligible property;
- (4) Reasonable estimates of the quantity of property to be improved;
- (5) Projected annual expenditures and measures to ensure that the plan is cost effective;
- (6) Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service;
- (7) A workforce management and training program; and
- (8) A description of a utility's outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

### **NFG'S LTIP**

NFG is headquartered in Williamsville, New York, and delivers natural gas to more than 749,000 residential, commercial, and industrial customers in Western New York and Northwest Pennsylvania through its nearly 14,825-mile pipeline system. In Pennsylvania, NFG provides natural gas distribution service to approximately 215,000

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<sup>2</sup> See 52 Pa. Code § 121.3.

customers over 4,917 miles of pipe in Armstrong, Butler, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Venango, and Warren counties. NFG is a “public utility” within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, and, with respect to its provision of gas service, a “natural gas distribution company,” as defined in 66 Pa. C.S. § 2201 and is subject to the regulatory jurisdiction of the Commission.

NFG’s LTIIIP is a five-year plan covering the years 2023 through 2027. As of December 31, 2021, NFG had approximately 4,850 miles of distribution main and 66 miles of transmission main. Some of NFG’s distribution mains were installed prior to 1940, while all of NFG’s transmission mains were installed between the 1950s and the 2020s. In 2022, NFG anticipates replacing 40 miles of Leak Prone Pipe (LPP). NFG designates LPP as pipes composed of bare steel, wrought iron, and certain historic plastics with known issues.

NFG’s primary focus in its LTIIIP is the replacement of LPP. Through the LTIIIP, NFG plans to accelerate its rate of replacement, beginning with 48 miles of LPP in 2023, and ramping up to 57 miles in 2027. NFG expects that this additional acceleration will allow for the removal of all bare steel and wrought iron pipe on its system by 2039, as compared to 2046 under its current replacement schedule.

NFG uses its System Modernization Program (SMP), as well as its Distribution Integrity Management Program (DIMP) and its Transmission Integrity Management Program (TIMP) as required by Subpart P of 49 C.F.R. Part 192, to determine the highest risk segments of pipe on its system. In addition to the accelerated replacement of the highest risk pipe, NFG indicates that it will be replacing associated distribution equipment and installing additional safety and monitoring equipment that is compatible with the upgraded design. NFG notes that it will install excess flow valves, replace and potentially relocate meters, and replace risers, meter bars, regulator stations, farm taps

and service regulators. NFG states that by removing aging portions of its system and enhancing the safety of its system by ensuring replacement of facilities with new, longer lasting and safer materials, the public will receive improved service, with decreased risk of service disruption.

NFG, in its petition, addressed the eight LTIP elements required by 52 Pa. Code § 121.3, as discussed below:

### **(1) TYPES AND AGE OF ELIGIBLE PROPERTY**

#### **NFG Position**

NFG's LTIP lists the categories of property for which it seeks DSIC recovery as follows:

- Gas distribution and transmission mains, valves, fittings, couplings, and appurtenances.
- Gas service lines, excess flow valves (EFVs), curb valves, meter sets, risers, meter bars, meters, and appurtenances.
- City gate stations, district regulator stations, production stations, telemetry, overpressure protection, and regulator station appurtenances.
- Farm taps.
- System reliability improvements.
- Vintage plastic replacements.
- Mandated facility relocations due to highway/city/township/municipal projects (unreimbursed costs).
- Other related capitalized costs – equipment, tools, corrosion control equipment, vehicles, supporting information technology, and appurtenances.

NFG tracks the location of property within its distribution system geographically by Responsibility Centers (RCs), or operating areas. NFG notes that certain classes of property within NFG’s distribution infrastructure are further broken down by material composition and vintage (age) of the property. Tables 1 through 6, below, detail the location by RC, material composition, and age of NFG’s distribution mains, transmission mains, and service lines.

**Table 1: Mileage and Location of Distribution Mains as of December 31, 2021**

<b>Responsibility Center (RC)</b>	<b>Unprotected Bare Steel</b>	<b>Unprotected Coated Steel</b>	<b>Protected Bare Steel</b>	<b>Protected Coated Steel</b>	<b>Wrought Iron</b>	<b>Plastic</b>	<b>Other</b>	<b>Total</b>
<b>RC311 - Erie</b>	201.5	2.4	0.0	118.7	5.4	681.2	0.6	1,009.8
<b>REC312 - West County</b>	91.1	0.0	10.1	90.6	0.7	286.8	0.0	479.3
<b>RC314 - Warren</b>	26.4	0.0	0.0	57.5	5.3	214.7	0.0	303.9
<b>RC317 - Corry</b>	22.3	0.0	0.0	17.4	0.9	76.8	0.0	117.4
<b>RC323 - Bradford</b>	9.1	0.0	0.0	46.0	6.6	142.3	0.0	204.0
<b>RC326 - Clarion</b>	27.3	0.1	0.0	28.4	10.5	123.0	0.0	189.3
<b>RC327 - Chicora</b>	2.2	0.0	4.8	36.6	5.6	126.3	0.0	175.5
<b>RC329 - Dubois</b>	23.4	0.0	0.0	76.4	6.4	190.3	0.0	296.5
<b>RC332 - Elk</b>	28.3	0.4	2.7	71.6	8.9	248.9	0.0	360.8
<b>RC344 - Meadville</b>	60.5	0.0	46.2	90.5	9.6	262.4	0.0	469.2
<b>RC347 - Oil City</b>	82.1	0.0	20.1	69.3	46.9	339.4	0.0	557.8
<b>RC350 - Sharon</b>	137.0	0.7	0.1	143.3	20.9	384.7	0.0	686.7
<b>Total</b>	<b>711.2</b>	<b>3.6</b>	<b>84.0</b>	<b>846.3</b>	<b>127.7</b>	<b>3,076.8</b>	<b>0.6</b>	<b>4,850.2</b>

**Table 2: Mileage of Distribution Main by Decade of Installation as of December 31, 2021**

<b>Decade of Installation</b>	<b>Miles</b>
<b>Unknown</b>	99.7
<b>Pre-1940</b>	341.4
<b>1940s</b>	85.8
<b>1950s</b>	360.9
<b>1960s</b>	603.2
<b>1970s</b>	694.6
<b>1980s</b>	820.2
<b>1990s</b>	801.4
<b>2000s</b>	495.1
<b>2010s</b>	470.8
<b>2020s</b>	77.4
<b>Total</b>	4,850.5

**Table 3: Mileage and Location of Transmission Mains as of December 31, 2021**

<b>Responsibility Center (RC)</b>	<b>Protected Bare Steel</b>	<b>Protected Coated Steel</b>	<b>Total</b>
<b>RC311 - Erie</b>	0.0	3.6	3.6
<b>REC312 - West County</b>	20.3	7.8	28.1
<b>RC314 - Warren</b>	0.0	0.0	0.0
<b>RC317 - Corry</b>	2.3	0.0	2.3
<b>RC323 - Bradford</b>	0.0	0.0	0.0
<b>RC326 - Clarion</b>	0.0	0.0	0.0
<b>RC327 - Chicora</b>	0.0	0.0	0.0
<b>RC329 - Dubois</b>	0.0	0.0	0.0
<b>RC332 - Elk</b>	0.0	0.0	0.0
<b>RC344 - Meadville</b>	3.6	2.1	5.7
<b>RC347 - Oil City</b>	11.1	15.7	26.8
<b>RC350 - Sharon</b>	0.0	0.0	0.0
<b>Total</b>	37.3	29.2	66.5

**Table 4: Mileage of Transmission Main by Decade of Installation, as of December 31, 2021**

<b>Decade of Installation</b>	<b>Miles</b>
<b>Pre-1950</b>	0.0
<b>1950s</b>	37.1
<b>1960s</b>	8.3
<b>1970s</b>	0.1
<b>1980s</b>	7.4
<b>1990s</b>	7.4
<b>2000s</b>	0.3
<b>2010s</b>	3.8
<b>2020s</b>	2.0
<b>Total</b>	66.4

**Table 5: Number of Service Lines by Location as of December 31, 2021**

<b>Responsibility Center (RC)</b>	<b>Bare Steel</b>	<b>Coated Steel</b>	<b>Plastic</b>	<b>Total</b>
<b>RC311 - Erie</b>	5,353	671	56,747	62,771
<b>REC312 - West County</b>	373	929	16,325	17,627
<b>RC314 - Warren</b>	908	277	8,719	9,904
<b>RC317 - Corry</b>	208	184	4,420	4,812
<b>RC323 - Bradford</b>	172	144	5,308	5,624
<b>RC326 - Clarion</b>	679	470	5,426	6,575
<b>RC327 - Chicora</b>	102	145	2,943	3,190
<b>RC329 - Dubois</b>	706	434	9,868	11,008
<b>RC332 - Elk</b>	808	187	11,575	12,570
<b>RC344 - Meadville</b>	1,654	855	12,491	15,000
<b>RC347 - Oil City</b>	2,156	731	14,445	17,332
<b>RC350 - Sharon</b>	3,752	1,337	22,134	27,223
<b>Total</b>	16,871	6,364	170,401	193,636

**Table 6: Number of Service Lines by Decade of Installation as of December 31, 2021**

<b>Decade of Installation</b>	<b>Number of Services</b>
<b>Unknown</b>	13
<b>Pre-1940</b>	6,036
<b>1940s</b>	1,808
<b>1950s</b>	4,873
<b>1960s</b>	7,789
<b>1970s</b>	26,853
<b>1980s</b>	34,755
<b>1990s</b>	40,717
<b>2000s</b>	34,440
<b>2010s</b>	30,013
<b>2020s</b>	6,339
<b>Total</b>	193,636

NFG explains that it owns and operates 875 Meter and Regulator (M&R) stations. A breakdown of the number of M&R stations throughout NFG’s service territory is shown in Table 7, below.

**Table 7: Number of M&R Stations by Location as of December 31, 2021**

<b>Responsibility Center (RC)</b>	<b>M&amp;R Stations</b>
<b>RC311 - Erie</b>	125
<b>REC312 - West County</b>	45
<b>RC314 - Warren</b>	46
<b>RC317 - Corry</b>	14
<b>RC323 - Bradford</b>	37
<b>RC326 - Clarion</b>	41
<b>RC327 - Chicora</b>	27
<b>RC329 - Dubois</b>	68
<b>RC332 - Elk</b>	74
<b>RC344 - Meadville</b>	123
<b>RC347 - Oil City</b>	147
<b>RC350 - Sharon</b>	128
<b>Total</b>	875

**Comments**

No comments were received regarding the types and ages of eligible property.

## Resolution

Upon review of NFG’s LTIP, the Commission finds that NFG’s LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

### **(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY**

#### **NFG Position**

NFG notes that its primary focus in its LTIP is the replacement of LPP. NFG explains that it has replaced 207 miles of LPP from 2016-2021, for an average annual replacement of 34.5 miles per year. NFG anticipates completing 40 miles of replacement by year-end 2022. Table 8, below, details NFG’s anticipated replacement of LPP over the course of its LTIP.

**Table 8: Miles of LPP to be Replaced, 2023-2027**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
<b>Distribution Mains</b>	44	45	46	47	50	232
<b>Transmission Mains</b>	4	7	7	7	7	32
<b>Total</b>	<b>48</b>	<b>52</b>	<b>53</b>	<b>54</b>	<b>57</b>	<b>264</b>

NFG notes that this acceleration will result in an annual average of 52.5 miles of LPP replacement over the course of its LTIP. Assuming that NFG completes its planned 40 miles of replacement in 2022, the LTIP will be a nearly 50% acceleration of LPP replacement per annum as compared to NFG’s previous 7 years.

## **Comments**

No comments were received regarding the schedule for planned repair and replacement of eligible property.

## **Resolution**

Upon review of NFG's LTIP, the Commission finds that NFG's LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(2) by providing a schedule for planned repair and replacement of eligible property.

### **(3) LOCATION OF THE ELIGIBLE PROPERTY**

## **NFG Position**

NFG's eligible property (including property that is the focus of this LTIP) is located throughout its service territory in Northwestern Pennsylvania. This eligible property is located in Armstrong, Butler, Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Potter, Venango, and Warren counties.

## **Comments**

No comments were received regarding the location of eligible property.

## **Resolution**

Upon review of NFG's LTIP, the Commission finds that NFG's LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(3) by providing a general description of the location of eligible property.

**(4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED and**

**(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE and**

**(6) ACCELERATED REPLACEMENT AND MAINTAINING SAFE AND RELIABLE SERVICE**

### **NFG Position**

The primary focus of NFG's LTIIP is the replacement of LPP. Table 8, in Section 2, above, outlines the mileage of LPP to be replaced over the course of NFG's LTIIP. NFG will also replace other types of property incidental to these LPP replacements, including Service Lines and Meter Sets, M&R Stations, Farm Taps, and Vintage Plastic pipelines. NFG also anticipates other costs due to system reliability improvements, public improvement and facility relocation projects, and other capitalized costs such as equipment, vehicles, and other investments needed to upgrade and replace the eligible property in the LTIIP.

NFG explains that it finances capital requirements through cash from operations and a mix of short-term and long-term debt provided by its parent company, National Fuel Gas Company (NFGC). NFG states that its short-term financing is provided through NFGC's Money Pool Agreement and that its long-term financing is subject to Commission authorization. NFG notes that up to \$250 million of additional long-term debt, typically issued as intercompany promissory notes tied to NFGC's long-term debt issuances, is currently permitted. NFG contends that cash from operations, in conjunction with short and long-term financing options, provide ample liquidity to help meet ongoing capital needs in the LTIIP.

Table 9, below, shows the annual capital expenditures expected over the five years of the LTIIP.

**Table 9: Projected Annual LTIIP Expenditures, 2023-2027**

<b>Year</b>	<b>Expenditures (Millions of Dollars)</b>
2023	\$34.1
2024	\$37.9
2025	\$38.7
2026	\$39.1
2027	\$45.8
<b>Total</b>	<b>\$195.6</b>

NFG explains that it controls unit costs through its SMP, in part by developing larger scope projects, to provide better economies of scale than smaller projects. In addition, NFG attempts to find opportunities to replace larger, lower-pressure pipelines with smaller, medium-pressure lines. NFG notes that this allows it to insert the new main into the previous main, thereby reducing construction and restoration costs. NFG also explains that it uses multiple contractors, and controls costs through a competitive bidding process among these qualified contractors.

NFG contends that the accelerated replacement of aging infrastructure will help maintain safe, reliable, and economic service to customers. NFG states that its top priority is safety, and that in addition to addressing safety concerns, its pipeline replacement projects are identified to:

- Reduce risk.
- Ensure system reliability.
- Reduce leaks and greenhouse gas emissions.
- Minimize unfeasible operational and maintenance (O&M) repairs that are no longer cost effective or cause an undue inconvenience to customers.
- Relocate facilities due to highway and municipal infrastructure improvement projects.

- Reduce the risk of excavation damage.

Additionally, NFG has noted a reduction in its system leaks over the previous five years. NFG cites a reduction in all classes of leaks from 2017-2021, as follows:

- 15% reduction in Type 1 leaks. Type 1 leaks require an immediate response to protect life and property.
- 27% reduction in Type 2 leaks. Type 2 leaks are required to be repaired within a period of 12 months or less.
- 33% reduction in Type 3 leaks. Type 3 leaks are any leaks on the system not classified as either Type 1 or Type 2.

NFG notes that it expects that with the further acceleration in replacement of LPP over the course of the LTIIP, a corresponding decrease in the incidence of reported leaks will follow.

## **Comments**

In its Comments, OCA made several recommendations. OCA suggested that it would be helpful for NFG to provide historic and projected replacements and expenditures by category and year, for all categories of plant identified in the LTIIP. OCA further suggested that NFG provide an explanation of why its chosen rate of infrastructure replacement is appropriate to provide and maintain safe and adequate service. OCA also recommended that the Commission reaffirm that the inclusion of property in the LTIIP is not dispositive of whether the cost of that project will be afforded DSIC recovery. OCA Comments at 3-5.

In its Comments, BIE stated that it supports NFG's proposed accelerated replacement schedule, and therefore supports the LTIIP filing. BIE Comments at 4.

In its Reply Comments, NFG stated that historical breakdowns of amounts of infrastructure and expenditures by category for some categories of property would be difficult to provide, as NFG has not historically tracked those categories separately. NFG did state that they would attempt to provide breakdowns for any categories that they could, should the Commission request such information. NFG also stated that it did not provide annual estimates for each category of property in the LTIP, other than the miles of LPP, because it expects that these amounts and expenditures will be highly variable from year to year, and as such would be difficult to forecast with a reasonable degree of accuracy. NFG Reply Comments at 2-4.

NFG explained several reasons for choosing its rate of acceleration. First, NFG stated that this level of acceleration will more closely align its rate of infrastructure replacement with other gas utilities in Pennsylvania. NFG further explained that a faster rate of replacement would have a more substantial impact on customer rates, make it more difficult for NFG to acquire sufficient contractor resources, and possibly create significant per-unit cost increases for infrastructure replacement. NFG Reply Comments at 4-5.

## **Resolution**

### Additional information by category of property:

In its petition, NFG states that the focus of its risk-assessments is the reduction in LPP. As the riskiest sections of pipeline are removed, NFG reassesses the remaining portions of its distribution system, to ensure the greatest reduction in risk as portions of the system are replaced. As such, it would be unrealistic to require a precise breakdown of which sections of pipe would be removed in future years, as the risk assessment changes from year to year. Similarly, a precise breakdown of prior years' replacements by category will not inform future years' replacements.

NFG further notes that the other categories of property included in the LTIIIP, such as bare steel services, are ancillary to the reduction of LPP on NFG's system. NFG notes that as it is not targeting these other categories of property directly, but rather replacing them in conjunction with the LPP reduction program, a precise estimate of the amounts of these other categories to be replaced or improved in a particular year is not necessary to evaluate the LTIIIP.

While the amounts of property and related expenditures of some categories of property being replaced by NFG may be difficult to estimate for future years, it is reasonable that NFG will be able to quantify these values after the completion of its LTIIIP projects in a particular year. However, NFG does not have a currently approved DSIC and therefore is not required to file an Annual Asset Optimization Plan (AAOP) that details the eligible property repaired, improved and replaced under its LTIIIP.<sup>3</sup> This makes it difficult for the Commission and other interested parties to review NFG's progress on completion of its LTIIIP commitments and understand the non-LPP DSIC-eligible property replaced by NFG on an annual basis. The Commission may utilize its discretion to initiate a periodic review of NFG's LTIIIP, but that may be a burdensome process to employ each year.<sup>4</sup>

Therefore, until such time as NFG has an approved DSIC and under our authority at 66 Pa.C.S. § 504, we direct NFG to file a report annually with the Commission within 60 days after 12 months of its implementation of the LTIIIP. This report shall contain information identical to that which is required in an AAOP, including information on the LPP and non-LPP DSIC-eligible property replaced by NFG during the preceding 12 months. In order to be consistent with other utilities' AAOPs, the report shall also contain information on the actual and projected expenditures associated with the reported

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<sup>3</sup> See 52 Pa. Code § 121.6.

<sup>4</sup> See 52 Pa. Code § 121.7.

DSIC-eligible property amounts. NFG shall begin this reporting in 2024 for the LTIP activities of the 12 months in 2023.<sup>5</sup>

Prudence of acceleration:

In its Petition, NFG cites numerous benefits of its proposed acceleration in infrastructure replacement. Among these benefits are reduced system risk, improved system reliability, reduced O&M costs, and substantial reductions in system leaks. In addition to NFG's claims, BIE also supports the proposed increase in infrastructure replacement proposed by NFG. The Commission agrees that NFG's proposed acceleration of infrastructure replacement is prudent and in the public interest, and will allow NFG to provide adequate, efficient, safe, reliable, and reasonable service.

DSIC Recovery:

The Commission reaffirms that approval of property for inclusion in an LTIP is not dispositive of whether it will receive DSIC approval for cost recovery in the future.

Upon review of NFG's LTIP, the Commission finds that NFG's LTIP fulfills the requirements of 52 Pa. Code § 121.3(a)(4)-(6) by providing reasonable estimates of the quantity of property to be improved, the projected annual expenditures and means to finance the expenditures, and a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

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<sup>5</sup> See Ordering Paragraph 2.

## **(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM**

### **NFG Position**

NFG explains that it consistently onboards new contractors to meet increasing infrastructure replacement mileage. Contractors are regularly evaluated by NFG to ensure performance meets its standards. NFG confirms that all in-house and contractor personnel are required to undergo extensive training and qualification programs before working on any NFG facilities.

NFG states that its training program complies with the regulations for pipeline safety developed by Pipeline Hazardous Materials Safety Administration (PHMSA) as set forth in 49 CFR Part 192 Subpart N. In addition to the specifications for determining a Covered Task as provided by PHMSA, NFG notes that it has developed an Operator Qualification Compliance Program Written Plan (Written Plan) that establishes guidelines specific to NFG. NFG has provided a copy of this Written Plan with its petition.

Through its Written Plan, NFG has established guidelines for Covered Tasks<sup>6</sup> and an evaluation process with regular intervals for evaluation. NFG explains that it has multiple levels of checks and procedures to ensure that all contractors and NFG personnel are properly trained and qualified to perform work on NFG's distribution system.

### **Comments**

No comments were received regarding the workforce management and training program.

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<sup>6</sup> Covered Tasks are any tasks that an employee or contractor may be qualified to perform.

## **Resolution**

Upon review of the LTIIP, the Commission finds that NFG's LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(7) by providing a workforce management and training program that is designed to ensure that NFG will have access to a qualified workforce to perform the work in a cost-effective, safe and reliable manner.

### **(8) A DESCRIPTION OF A UTILITY'S OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED MAINTENANCE/CONSTRUCTION PROJECTS**

#### **NFG Position**

NFG states that it has an active outreach program coordinating with local municipalities and other utilities on construction projects to minimize duplicative restoration efforts, as well as reduce disruptions to local customers and residents. NFG notes that it sponsors and participates in One Call awareness sessions conducted by the Pennsylvania One Call System. In addition, NFG engages in numerous public awareness and outreach programs, through advertising, public relations, NFG's website, community relations, and customer communications. NFG states that yearly communications on relevant topics are sent by NFG to local stakeholders, including municipalities and contractors, to enhance awareness of safety issues and training opportunities. NFG notes that it also coordinates emergency responder trainings at various police and fire stations.

#### **Comments**

No comments were received regarding the description of outreach and coordination activities with other utilities, PennDOT and local governments on planned

projects.

## **Resolution**

Upon review of the LTIIP, the Commission finds that NFG's LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of NFG's outreach and coordination activities with other utilities, PennDOT and local governments on planned projects and roadways that may be impacted by the LTIIP.

### **NFG'S LTIIP SUMMARY**

The Commission's review of an LTIIP must determine if the LTIIP:<sup>7</sup>

- Contains measures to ensure that the projected annual expenditures are cost-effective.
- Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement or replacement.
- Is sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service.
- Meets the requirements of 52 Pa. Code § 121.3(a).

The utility has the burden of proof to demonstrate that its proposed LTIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain efficient, safe, adequate, reliable and reasonable service to consumers.<sup>8</sup>

The Commission has reviewed NFG's LTIIP. The Commission finds that NFG has met its burden of proof by demonstrating that its LTIIP contains measures to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it

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<sup>7</sup> See 52 Pa. Code § 121.4(e).

<sup>8</sup> See 52 Pa. Code § 121.4(d).

accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and maintain adequate, safe, reliable, and reasonable service, and meets the requirements of 52 Pa. Code § 121.3(a). Accordingly, NFG's LTIP is approved.

The Commission finds NFG's LTIP and the manner in which it was filed conforms to the requirements of Act 11 and our Regulations. The plan, as approved herein, is designed to maintain safe, adequate and reliable service and, as such, NFG shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition of National Fuel Gas Distribution Corporation for Approval of its Long-Term Infrastructure Improvement Plan is approved, consistent with this Order.
2. That until such time until such time as the National Fuel Gas Distribution Corporation has an approved Distribution System Improvement Charge and is required to file an annual asset optimization plan, the National Fuel Gas Distribution Corporation shall file with the Commission on an annual basis a report containing information identical to that which is required in an annual asset optimization plan and that contains information regarding infrastructure replacements and expenditures consistent with the directives in this Order, and the report shall be filed within sixty (60) days of the completion of twelve (12) consecutive months of National Fuel Gas Distribution Corporation's Long-Term Infrastructure Improvement Plan. Copies of the report shall be served upon the Commission's Bureau of Technical Utility Services, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate.

3. That the proceeding at Docket No. P-2022-3034957 be closed.

**BY THE COMMISSION,**

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: December 22, 2022

ORDER ENTERED: December 22, 2022