

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held August 1, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Docket Number:
A-2024-3049538

Application for Approval of Abandonment of
Service by Columbia Gas of Pennsylvania, Inc. to
One Active and One Inactive Residential Premises
Located in Mayport, Armstrong County,
Pennsylvania

ORDER

BY THE COMMISSION:

On June 12, 2024, Columbia Gas of Pennsylvania, Inc. (Columbia Gas), Utility Code 120700, filed the above-captioned Application with the Pennsylvania Public Utility Commission (Commission) seeking a Certificate of Public Convenience authorizing it to abandon natural gas distribution service to one active and one inactive residential premises located in Mayport, Armstrong County, Pennsylvania. The Application was filed pursuant to Section 1102(a)(2) of the Public Utility Code, 66 Pa. C.S. §1102(a)(2). For the reasons expressed herein, the Commission approves Columbia Gas's Application to abandon natural gas service to one active and one inactive residential premises.

Columbia Gas is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Columbia Gas is currently engaged in the business of selling and distributing natural gas to retail customers within the Commonwealth. Columbia Gas provides retail natural gas service to approximately 445,000 customers in 26 counties of Pennsylvania, pursuant to certificates of public convenience granted by the Commission.

Columbia Gas states that the premises receive natural gas service from a 7,946-foot section of medium pressure (MP) pipe comprised of mixed size piping and materials, with approximately 80% of the footage consisting of bare steel, wrought iron, pre-1971 ineffectively coated steel, and pre-1982 vintage first-generation plastic pipe. This section is referred to as the New Salem, D5130 MP, or the New Salem Distribution Line, and is 66 years old. Columbia Gas also states that within the last five years, the New Salem Distribution Line had 12 leaks that have been repaired and currently has 12 open grade 3 leaks. Columbia Gas further states that there are several sections of mainline along this distribution line that are unlocatable. Columbia Gas states that the existing Point of Delivery (POD) with TC Energy does not have pressure regulation capability and is not in a suitable location to feed the existing customers on the distribution line. Application ¶5 and Data Request Response No. 1.

Columbia Gas states that it is seeking to abandon 7,946 feet of the New Salem Distribution Line. Columbia Gas states that the distribution mainline that it is seeking to abandon would require an extension from the new POD off a Peoples Natural Gas Company distribution line. Columbia Gas also states that if it were to extend the mainline to serve the one active and one inactive premises, it would need to replace approximately 8,200 feet of mainline along the public right-of-way. Columbia Gas states that the cost to replace the mainline is not reasonable or prudent with only one active residential premises generating distribution revenue, as the other premises has been disconnected and inactive since 2018. Application ¶6.

Columbia Gas states that the incremental investment to replace 7,946 feet of mainline to serve the premises would result in an annual revenue deficiency of approximately \$116,405 per year. Columbia Gas states that it would have to replace the existing line at an incremental additional cost of approximately \$993,250 and a resulting annual cost, based on cost of capital, income taxes and depreciation, of approximately \$117,162. Columbia Gas states that to be economically justified, the replaced facilities must provide at least this amount in annual non-gas distribution revenues. Columbia Gas states that there has been no gas usage at the one inactive premises since at least 2018 when the premises was disconnected. Columbia Gas states that the one active premises consumed a total of 610 therms of natural gas from June 2023 through May 2024. Columbia Gas states that when applying the total usage from the historic twelve-month period to its currently effective residential base rates, consisting of a customer charge of \$16.75 per month and a per therm charge of \$0.91069, the estimated total annual non-gas distribution revenue received by Columbia Gas from the active customer would be \$756.52. Columbia Gas states that when subtracting the \$756.52 total non-gas distribution revenue from the calculated yearly revenue requirement of \$117,162 results in a revenue deficiency of \$116,405.48 per year. Application ¶7.

Columbia Gas states that it has determined that the costs associated with the replacement of its facilities and the ongoing maintenance costs to serve the one active premises cannot be justified based upon historical usage. Columbia Gas states that there is no opportunity for growth or additional business along this section of the distribution mainline, and that replacement of the facilities is not otherwise operationally needed for Columbia Gas to transport or deliver gas to other locations in its service territory. Columbia Gas states that it is neither in the public interest, nor in the interest of its other customers, to replace this section of the New Salem Distribution Line. Application ¶8.

Columbia Gas states that the one inactive premises has remained inactive since August 2018, and there are no pending requests to reactivate service. Columbia Gas states

that it physically abandoned the inactive premises on October 17, 2022. Columbia Gas states that extending its facilities to serve the one inactive premises is not expected to produce future revenues, thus deems such replacement of its facilities as not justified. Application ¶9.

Columbia Gas states that prior to filing this application, it sent a regular and certified letter, dated February 22, 2024, to the property owner for the one active residential premises. The letter explained that the distribution facilities that are currently serving the premises are reaching the end of their useful lives and need to be retired; therefore, the distribution mainline would be abandoned and that natural gas would no longer be available to the premises. Columbia Gas states that the letter also requested conversion cost estimate(s), for the reimbursement of reasonable costs for conversion to an alternate energy source. Columbia Gas has reached an agreement with the owner of the one active residential premises for the reasonable costs to convert to an alternative energy source. Columbia Gas submitted a copy of the signed agreement under confidential cover. Application ¶10.

Columbia Gas states that prior to filing this application, it sent a regular and certified letter, dated February 23, 2024, to the property owner of the one inactive residential premises. Columbia Gas states that the letter informed the property owner that Columbia Gas would be requesting Commission approval to abandon service to the premises and that the premises would no longer have access to natural gas distribution service from Columbia Gas if the Commission granted the request. Columbia Gas states that the owner of the one inactive residential premises has not responded to its correspondence. Application ¶11.

Accordingly, Columbia Gas requests that the Commission issue a Certificate of Public Convenience pursuant to 66 Pa. C.S. § 1102(a)(2) to permit Columbia Gas to abandon natural gas distribution service to the one active residential and one inactive

residential premises located in Mayport, Armstrong County, Pennsylvania. Columbia Gas concludes that approval of its application is necessary and proper for the following reasons:

- 1) The New Salem Distribution Line must be replaced or retired due to its physical condition.
- 2) Columbia Gas has provided a signed copy of the agreement with the owners of the one active premises for compensation of costs to convert to an alternate source of energy.
- 3) The incremental cost to replace the distribution line serving the one active residential and one inactive residential premises cannot be justified since it would result in a significant revenue shortfall.

Notice of the filing of this Application was published in the *Pennsylvania Bulletin* on Saturday, June 29, 2024. Columbia Gas published notice of this application in the area newspaper¹ on June 18, 2024, and the notarized proof of publication was furnished to the Commission on June 24, 2024. No protests were filed, and no hearings were held.

Upon full consideration of the facts presented in this case, we concur with Columbia Gas's reasons for abandonment of the one active and one inactive residential premises located in Mayport, Armstrong County, Pennsylvania, and agree that it is neither reasonable nor prudent to replace the distribution line serving the premises. Therefore, we approve Columbia Gas's Application to abandon natural gas service to the one active and one inactive residential premises. However, we note that the abandonment shall be completed in accordance with 52 Pa Code §§56.91 - 56.100; **THEREFORE,**

¹ The Leader Times.

IT IS ORDERED:

1. That the Application for Approval of Abandonment of Service by Columbia Gas of Pennsylvania, Inc. to the one active and one inactive residential premises located in Mayport, Armstrong County, Pennsylvania is hereby approved.

2. That a Certificate of Public Convenience be issued pursuant to 66 Pa. C.S. § 1102(a)(2) authorizing Columbia Gas of Pennsylvania, Inc. to abandon natural gas distribution service to the one active and one inactive residential premises located in Mayport, Armstrong County, Pennsylvania as discussed in the body of this Order.

3. That within ten days following the abandonment of natural gas distribution service to the one active, and one inactive residential premises, Columbia Gas of Pennsylvania, Inc. shall file a verified Notice of Abandonment with this Commission at Docket No. A-2024-3049538, containing the following information:


- (a) The completion date for the abandonment of gas service to the one active and one inactive residential premises;
- (b) A statement explaining how compliance with 49 C.F.R. § 192.727 relating to abandonment or deactivation of facilities was completed; and
- (c) A copy of the verified Notice of Abandonment shall also be served upon the Gas Safety Division of this Commission's Bureau of Investigation and Enforcement.

4. That a copy of this Order shall be served upon Columbia Gas of Pennsylvania, Inc., the Commission's Bureau of Investigation and Enforcement – Gas Safety Division, the Office of Small Business Advocate, Office of Consumer Advocate, and the owners of the

one active and one inactive residential premises located in Mayport, Armstrong County, Pennsylvania.

5. That upon filing of the notice mentioned in Ordering Paragraph 3, above, that this case be marked closed.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first name being the most prominent.

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: August 1, 2024

ORDER ENTERED: August 1, 2024