

COMMONWEALTH OF PENNSYLVANIA



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October 7, 2024

For Electronic Filing

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

Re: Replacement of Older Plastic Pipe
in Natural Gas Distribution Systems
Docket No. M-2024-3050313

Dear Secretary Chiavetta:

Attached for electronic filing please find the Comments of the Office of Consumer Advocate in the referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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Enclosures

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Certificate of Service

CERTIFICATE OF SERVICE

Replacement of Older Plastic Pipe :
in Natural Gas Distribution Systems : Docket No. M-2024-3050313
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I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate’s Comments, upon parties of record 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. This document was filed electronically on the Commission’s electronic filing system.

Dated this 7th day of October 2024.

SERVICE BY E-MAIL ONLY

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Dated: October 7, 2024

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Replacement of Older Plastic Pipe in :
Natural Gas Distribution Systems : Docket No. M-2024-3050313

COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION AND BACKGROUND

On August 1, 2024, consistent with the Motion of Chairman Stephen M. DeFrank, the Public Utility Commission (Commission) adopted a Tentative Order regarding the accelerated replacement of older plastic pipe by public utilities distributing natural gas. The Commission’s Order was published in the Pennsylvania Bulletin on September 7, 2024, and provides that comments on the proposals to accelerate the replacement of older plastic pipelines are due within 30 days of publication. *Replacement of Older Plastic Pipe in Natural Gas Distribution Systems*, Docket No. M-2024-3050313 (Order entered Aug. 26, 2024), 54 Pa.B. 5706. (*Plastic Pipe Order*).

The Commission, citing Section 1501 of the Public Utility Code, seeks to ensure that public utilities maintain safe and reliable facilities through this Tentative Order by using the tools already available to natural gas public utilities under Pennsylvania law: (1) natural gas distribution companies (NGDCs) amend their Long-Term Infrastructure Improvement Plans (LTIIPs) to target the accelerated replacement of older plastic pipes; and (2) non-DSIC eligible public utilities distributing natural gas file Pipeline Replacement Plans. *Plastic Pipe Order* at 2, 4.

The OCA appreciates the opportunity to provide comments on these proposals and agrees with the Commission that “pursing the accelerated replacement of the specific older plastic pipe

that has been identified by the Department of Transportation (DOT)¹ as being susceptible to brittle-like cracking is a worthwhile endeavor to further promote safe and reliable service by the Commission’s jurisdictional natural gas distribution public utilities.” *Plastic Pipe Order* at 4. While the order includes language that the OCA supports, there remain areas of potential concern, specifically, the cost impact on consumers and the burden of compliance on smaller utilities. The OCA’s comments are limited to these concerns.

II. COMMENTS

A. Amending LTIPs

The Commission proposes that NGDCs petition the Commission to amend their current LTIPs to target the replacement of certain plastic pipe to the extent it is not already targeted to be replaced. *Plastic Pipe Order* at 3. In relevant part, the Tentative Order provides, “Therefore, the Commission finds it appropriate to explore the acceleration of replacing the aforementioned older plastic pipe materials **using the tools already available to natural gas public utilities under Pennsylvania law.**”² These tools would include the use of any Distribution System Improvement Charge (DSIC)³ already in place, subject to an approved revised LTIP, or filing of a base rate case if warranted by the circumstances a DSIC-eligible utility faces in its effort to accelerate the replacement of older plastic pipe susceptible to brittle-like cracking.

¹ The DOT issued several advisory bulletins, which identified the following plastic pipes as susceptible to brittle-like cracking: plastic pipe manufactured by Century Utility Products Inc.; low-ductile inner wall “Aldyl A” piping manufactured by Dupont Company prior to 1973; polyethylene gas pipe designated PE 3306; Delrin insert tap tees; and Plexco service tee Celcon caps. *Plastic Pipe Order* at 5 (internal citations omitted).

² *Plastic Pipe Order* at 4 (emphasis added).

³ “Except as provided under this subchapter . . . a utility may petition the commission, or the commission, after notice and hearing, may approve the establishment of a distribution system improvement charge to provide for the timely recovery of the reasonable and prudent costs incurred to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.” 66 Pa. C.S. § 1353(a).

The OCA urges the Commission to caution utilities against using a final order at this docket as sole justification for a petition to waive the statutory DSIC 5% cap.⁴ The OCA submits that use of an existing DSIC, alone or in conjunction with filing a base rate case is consistent with the Commission's guidance on using tools already available, while also guarding against rate increases without the benefit of reviewing all of a utility's profits and costs.

B. Pipeline Replacement Plans

The Commission determined it prudent to revisit a Pipeline Replacement Plan (Plan) filing requirement for gas utilities that are not eligible to utilize a DSIC, concluding that Plans are a “valuable substitute for natural gas public utilities that are not required to file LTIIPs.” *Plastic Pipe Order* at 3. To reduce the burden on smaller utilities to comply with a Plan filing requirement, while streamlining TUS's review of the Plans, the OCA encourages the Commission to create a Plan template for this subset of natural gas utilities to include all relevant information necessary for the Commission to understand the magnitude of the replacement endeavor, consistent with the requirements as set out in the Tentative Order. *Id.* at 8-9.

The OCA is concerned about the cost impacts of reporting and compliance for these smaller gas utilities and the potential rate impacts to customers. Accordingly, the OCA urges the Commission to review these Plans on a case-by-case basis to ensure compliance with the Commission's directives but also to avoid potential rate shocks to the customers on these systems. The OCA also suggests that the Commission maintain the instant docket number as an on-going, open docket where these Plans would be filed and available for inspection by interested parties.

⁴ “Except as provided under paragraph (2), the distribution system improvement charge may not exceed 5% of the amount billed to customers under the applicable rates of the . . . natural gas distribution company or city natural gas operation. The commission may upon petition grant a waiver of the 5% limit under this paragraph for a utility in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service. 66 Pa. C.S. § 1358(a)(1).”

III. CONCLUSION

The OCA commends the Commission on the steps it has taken and appreciates the opportunity to offer input on this proposal to accelerate the replacement of older plastic pipes. While the proposed order moves in the right direction to explore the possibilities of gas distribution utilities replacing at-risk plastic pipe, as outlined above, the OCA urges the Commission to consider the practical solutions to reduce (1) the potential cost impact on consumers; and (2) the compliance burden on smaller utilities.

Respectfully Submitted,

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