



800 North Third Street, Suite 205, Harrisburg, PA 17102
Telephone (717) 901-0600 • Fax (717) 901-0611
www.energypa.org

October 22, 2024

Via eFiling

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

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

Dear Secretary Chiavetta,

The Energy Association of Pennsylvania (“EAP” or “Association”) files this letter as reply comments on behalf of its natural gas distribution company (“NGDC”) members¹ at the above-referenced docket.

In comments filed on October 7, 2024, the Association suggested, *inter alia*, that a mandated amendment to current Commission approved NGDC Long Term Infrastructure Improvement Plans (“LTIIPs”) to target the accelerated replacement of older plastic pipe minimized the role of utility management discretion to adhere to its federally required Distribution Integrity Management Plan (“DIMP”). EAP contends that rather than creating a new regulatory filing and process, the Commission should look to each gas utility’s existing DIMP before requiring all NGDCs to accelerate the replacement of older plastic pipe while simultaneously eliminating other previously prioritized threats. The DIMP which is subject to audit by the Commission is designed to continually assist utility management to identify threats to the distribution system (including older plastic pipe), to assess the risks and priority of those

¹ EAP’s NGDC members include: Columbia Gas of Pennsylvania, Inc.; Leatherstocking Gas Company, LLC; Pike County Light & Power Company; National Fuel Gas Distribution Corporation; PECO Energy Company; Peoples Natural Gas Company LLC; Peoples Gas Company LLC; Philadelphia Gas Works; UGI Utilities, Inc.; and Valley Energy, Inc.

threats, and to plan how best to mitigate those risks. It is critical that the management decision to mitigate risk account for the age of the specific NGDC distribution system, the types of pipes in place in that system, the risks already identified and prioritized in a NGDC's DIMP, the nature and demographics of the service area and the financial condition of that gas utility together with the cost to its customers. Risk mitigation is not a "one size fits all" solution for Pennsylvania's gas utilities.

EAP underscores that the comments of its members support this approach to use the already available DIMP tool to determine the appropriate point at which to replace older plastic pipe on a specific gas distribution system, i.e., when the threat identified with respect to older plastic pipe becomes a high priority in each company's ongoing risk assessment. For example, Valley Energy Inc. describes how it has worked to eliminate the cast iron and bare steel on its system and is currently focused on the replacement of older plastic pipe. It notes the importance of its DIMP in planning capital projects each year and its comments underscore the various circumstances that management considers in its DIMP, ranging from needs/projects specific to its system to events that occur on other NGDC systems such as the 2020 incident in Merrimack Valley. See comments filed by Valley Energy Inc. at pp. 2 – 3.

Likewise, comments filed by PECO stress the importance of its DIMP to identify and prioritize risks and further explain how mitigation efforts are developed based on the severity of the risk, time dependency, availability of qualified personnel and financial resources. While removing older plastic pipe currently ranks as a lower risk when compared to other types of pipe materials, PECO is proactive in removing first-generation plastic pipe that is attached to higher risk main being replaced as part of its pipe replacement program. PECO's experience highlights the importance of the DIMP in assisting management to plan how best to resolve higher priority risks and, in turn, inform the utility LTIP and cost recovery. See comments filed by PECO at pp. 2 – 4.

Additionally, comments filed by Columbia Gas of Pennsylvania and UGI Utilities, Inc. support a process that is grounded in ongoing risk assessment via a DIMP. Both of those NGDCs current risk assessment tools, i.e., their respective DIMP, support the inclusion of older plastic pipe in their respective LTIPs. See comments filed by Columbia at p. 1 stating "[t]he determination to seek approval to include pre-1982 plastic pipe as "eligible infrastructure" in the third LTIP was made pursuant to Columbia's management discretion based on the unique characteristics of Columbia's distribution system and service territory, as well as Columbia's Distribution Integrity Management Plan...". See also comments filed by UGI at p. 3 stating "[t]he formal inclusion of priority plastic pipe into the Third LTIP similarly will be managed in accordance with the risk prioritization process established in the Company's DIMP."

EAP appreciates and agrees with the Commission's focus on this issue concerning the identification and removal of older plastic pipe from gas distribution systems in Pennsylvania. EAP, however, maintains that the best tool available to the Commission to assess whether the

removal of older plastic pipe should be accelerated is each NGDC's individual DIMP rather than mandating a new regulatory process.

Very truly yours,

A handwritten signature in black ink that reads "Donna M.J. Clark". The signature is written in a cursive style with a large initial "D".

Donna M.J. Clark
V.P. and General Counsel

CC:

Adam Young, Law Bureau (via [email—adyoung@pa.gov](mailto:adyoung@pa.gov))

Steven Bainbridge, Law Bureau (via [email—sbainbridg@pa.gov](mailto:sbainbridg@pa.gov))

Matthew Stewart, Bureau of Technical Utility Services (via [email—mattstewar@pa.gov](mailto:mattstewar@pa.gov))