**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held April 4, 2013

Commissioners Present:

Robert F. Powelson, Chairman

John F. Coleman, Jr., Vice Chairman

Wayne E. Gardner

James H. Cawley

Pamela A. Witmer

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| Petition of Philadelphia Gas Works for Approval  of its Long-Term Infrastructure Improvement Plan  Petition of Philadelphia Gas Works for Approval  of a Distribution System Improvement Charge | Docket Numbers:  P-2012-2337737  P-2012-2337737  C-2013-2346939 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration are the Petitions for approval of the Long-Term Infrastructure Improvement Plan (LTIIP) and the Distribution System Improvement Charge (DSIC) of Philadelphia Gas Works (PGW).

**HISTORY OF THE PROCEEDING**

PGW is owned by the City of Philadelphia and is the largest municipally owned gas utility in the country. PGW is in the business of selling and distributing natural gas to retail customers within the Commonwealth of Pennsylvania, and is therefore a “city natural gas distribution operation” (CNGDO) within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. §§ 102, subject to the regulatory jurisdiction of the Commission. *See also* 66 Pa. C.S. § 2212, relating to city natural gas distribution operations. PGW manages a distribution system of approximately 6,000 miles of gas mains and service lines[[1]](#footnote-1) supplying approximately 500,000 customers.

The LTIIP Petition was filed on December 3, 2012, and the DSIC Petition was filed on January 18, 2013. Copies of the LTIIP Petition were served on the statutory advocates as well as the active parties in PGW’s most recent base rate case proceeding, docketed at R‑2009‑2139884, in accordance with *Implementation of Act 11 of 2012*, Docket No. M‑2012-2293611 (August 2, 2012) (Final Implementation Order). PGW’s DSIC Petition includes proposed Supplement No. 58 to Tariff Gas – Pa. P.U.C. No. 2 to introduce the DSIC Rider into the PGW tariff with an effective date of March 1, 2013. The filing was made pursuant to 66 Pa. C.S. § 1353 and the Final Implementation Order.

Philadelphia Industrial and Commercial Gas Users Group (PICGUG) filed comments on December 21, 2012. PICGUG did not object to PGW’s proposed LTIIP at this time. However, PICGUG indicated in its comments that if the Commission finds that PGW’s proposal to fund the accelerated main replacement program on a “pay as you go” basis should be addressed in this proceeding, PICGUG would request that the LTIIP be referred to the Office of Administrative Law Judge (OALJ) for a full evidentiary hearing on the merits. In addition, PICGUG calls for a thorough review of the scope of investment for the LTIIP to ensure that the completed capital improvements remain reasonably consistent with projections outlined in the LTIIP and limited to DSIC-eligible assets. On February 7, 2013, PICGUG filed a Petition to Intervene and Answer. PICGUG requested that the Commission deny PGW’s expedited effective date of March 1, 2013 and requested evidentiary hearings to investigate PGW’s cost recovery methodology.

The Office of Consumer Advocate (OCA) filed comments on December 24, 2012, but did not initially request hearings. On February 7, 2013 OCA filed a Notice of Intervention, a Formal Complaint and Public Statement, and an Answer to PGW’s DSIC Petition. In its Answer to the PGW DSIC Petition, OCA states that the Commission should deny PGW’s Petition as filed, suspend proposed Tariff Supplement No. 58 to Tariff Gas – Pa. P.U.C. No. 2 and order a full hearing and investigation. (OCA Answer at 1).

On February 7, 2013 the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and an Answer. OSBA requested hearings and such relief as may be necessary or appropriate.

On February 7, 2013, the Bureau of Investigation and Enforcement (I&E) filed an Answer. In its Answer I&E supported PGW’s DSIC Petition stating that: “The pay as you go funding is well suited for a utility such as PGW that is regulated utilizing the cash flow methodology.” I&E Answer at 2.

PGW filed an Answer on February 19, 2013, in response to the OCA’s Formal Complaint to PGW’s DSIC Petition.

No objections or comments were received from federal, state or local governmental agencies.

**BACKGROUND**

On February 14, 2012,Governor Corbett signed into lawAct 11 of 2012, (Act 11),[[2]](#footnote-2) which amends Chapters 3, 13 and 33 of Title 66. Act 11, *inter alia*, provides utilities with the ability to implement a Distribution System Improvement Charge (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 LTIIP with the Commission that is consistent with 66 Pa. C.S. §1352.

On April 5, 2012, the Commission held a working group meeting for discussion and feedback from stakeholders regarding its implementation of Act 11. On May 10, 2012, the Commission issued a Tentative Implementation Order addressing and incorporating input from the stakeholder meeting. On August 2, 2012, the Commission issued the Final Implementation Order, at Docket Number M-2012-2293611, establishing procedures and guidelines necessary to implement Act 11.

The Final Implementation Order adopts the requirements established in 66 Pa. C.S. § 1352, provides additional standards that each LTIIP must meet, and gives guidance to utilities for meeting the Commission’s standards. The Final Implementation Order of Act 11 requires the inclusion of the following seven elements in the LTIIP:

1. Types and age of eligible property;
2. Schedule for its planned 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; and
7. A workforce management and training program.

**PGW’S LTIIP PETITION**

**PGW’s Petition**

PGW’s LTIIP is a five year plan. PGW has removed or replaced with plastic and protected coated steel approximately 250 miles of cast iron main and 150,000 steel service lines over the last 15 years (based on 2011 and 1996 Annual DOT Gas Distribution System Reports). PGW avers that their primary objective for its LTIIP will continue to be improvement of safety and reliability of its infrastructure through the reduction of its cast iron main inventory and, after all cast iron main is removed from service, the removal of PGW’s unprotected coated steel and ductile iron main. PGW’s LTIIP is focused on the specific goal of accelerated cast iron main replacement. PGW’s distribution system does not contain any bare steel mains.

PGW has identified categories of cast iron main that would be most suitable for replacement based on PGW’s risk management analysis programs including the following:

* Distribution Integrity Management Program (DIMP)
* 2008 Advantica Benchmarking Analysis, Risk Analysis and Model, Replacement Analysis and Computerized Main Prioritization and Ranking Program including the Advantica Main Replacement Prioritization Model
* 2012 GL Noble Denton 12-inch 10-35 psig Cast Iron Mains Benchmarking Study
* Field Observations and System Performance Analysis

Based on the DIMP and the main replacement prioritization model and benchmarking analyses/studies, PGW has identified the following property in its LTIIP for replacement[[3]](#footnote-3):

1. 12 inch and smaller high pressure main (High Pressure [HP] or 10-35 psig)
2. 30 inch high pressure main (HP or 10-35 psig)
3. 8 inch and smaller low to intermediate pressure main (LP/IP or 4.5 inches WC to 5 psig)

PGW will give greater priority to the removal of 12 inch and smaller HP mains (due to recent incidents with 12 inch mains on PGW’s and UGI’s distribution systems) and 30 inch HP mains (due to PGW’s recent discovery of localized corrosion on a section of 30 inch HP main). Currently PGW is removing cast iron main from inventory at a rate of 18 miles per year for all sizes. If PGW’s proposed LTIIP is approved, PGW will remove cast iron main from inventory at a rate of approximately 25 miles per year.

PGW addressed the seven elements (1) types and age of eligible property, (2) schedule for its planned 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 is which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service, and (7) a workforce management and training program as required in the Final Implementation Order of Act 11 as discussed below.

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

**PGW’s Petition**

PGW’s DIMP identifies the threats to its distribution system, evaluates these threats, ranks the related risks and lists strategies to mitigate those risks. The Advantica Benchmarking Analysis has enabled PGW to compare and validate its main replacement program with similarly-situated CNGDOs and natural gas distribution companies (NGDCs). The Advantica Main Replacement Prioritization Model enables PGW to identify the specific segments of pipe that should receive replacement priority. PGW utilized the results of the GL Noble Denton Benchmarking Study to provide the Company with replacement strategies for 12 inch high pressure mains.

All of the property proposed to be replaced is characterized as piping, couplings, and valves. PGW asserts that these items are DSIC-eligible under Act 11. PGW also plans to replace the unprotected bare and unprotected coated steel service lines and meter sets associated with these cast iron mains, and the related eligible property includes gas service lines, fittings, valves, risers, meter bars and meters with attached AMR devices. Also included in the LTIIP is the proposal to abandon two regulator stations and to replace 2,400 feet of 12 inch steel main with 2,400 feet of 20 inch steel main.

PGW’s distribution system contains approximately 3,000 miles of mains as well as approximately 466,000 service lines.[[4]](#footnote-4) The total mileage by age range for the three cast iron main categories that PGW plans to replace during the LTIIP is summarized below:

**Table 1 – Mileage by Age Range of Cast Iron Mains to Be Replaced**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year Range** | **12” Cast Iron (10‑35 psig)** | **30” Cast Iron (10-35 psig)** | **8” & Smaller Cast Iron**  **(4.5 inches WC - 5 psig)** |
| 1971-2010 | 0.00 | 0.00 | 0.00 |
| 1961-1970 | 0.08 | 0.37 | 11.01 |
| 1951-1960 | 4.52 | 0.28 | 136.85 |
| 1941-1950 | 4.82 | 4.48 | 152.59 |
| 1931-1940 | 0.61 | 3.08 | 76.02 |
| 1921-1930 | 8.40 | 0.38 | 235.03 |
| 1911-1920 | 0.34 | 1.24 | 139.06 |
| 1900-1910 | 0.74 | 1.02 | 219.91 |
| Pre 1900 | 2.61 | 5.28 | 249.41 |
| **Total** | 22.12 | 16.13 | 1219.88 |

We note that PGW’s Petition in this matter provides an overview of how the proposed LTIIP fits within PGW’s “five phase” internal infrastructure replacement plan. Under this long term “five phase” plan, PGW will give greater priority to the removal of 12 inch and smaller HP mains (due to recent incidents with 12 inch mains on PGW’s and UGI’s distribution systems) and 30 inch HP mains (due to PGW’s recent discovery of localized corrosion on a section of 30 inch HP main), removing these entire categories of main from PGW’s system by 2023. PGW will remove all low and intermediate-pressure cast iron mains within 50 years. PGW’s distribution system contains no bare steel mains. PGW will also review all cast iron inventory for any high pressure mains that are between 12 inches and 30 inches and that are redundant or under-utilized. PGW has targeted several abandonment projects for pipe inventory in this range.

We acknowledge that the Proposed LTIIP is a part of the first phase of that “five phase” plan. At this time, the Commission takes no position with regard to that “five phase” approach. Future infrastructure replacement will be considered by the Commission as future or modified LTIIPs are filed pursuant to Act 11. Replacement of PGW’s infrastructure will also be subject to section 1501 of the Public Utility Code, 66 Pa.C.S. 1501[[5]](#footnote-5).

**Comments**

In its Comments, OCA commends PGW for its efforts in providing a significant level of detail in the LTIIP. OCA further states that certain additional information may be needed to properly evaluate whether PGW’s LTIIP meets all the requirements of Act 11 and the Final Implementation Order. In regard to DSIC eligible property, OCA submits that going forward, PGW should provide additional information to the Commission for each main project that is not a “like-for-like” pipe diameter replacement, specifically the results of system network analysis before and after the segment installation to confirm the projects are DSIC eligible.

**Resolution**

The Commission acknowledges OCA’s concerns regarding main projects that are not “like-for-like” replacements. However, we believe that there are sufficient consumer protection mechanisms in place at the Commission to address OCA’s concerns. As referenced in the Final Implementation Order, Section 1356 of the Code, 66 Pa. C.S. §1356, requires that a utility with an approved DSIC file an Annual Asset Optimization Plan (AAO Plan). The elements of the AAO Plan include (1) a description of all eligible property repaired, improved and replaced in the preceding 12 months and (2) a detailed description of all facilities to be improved in the upcoming 12 months. Also, the AAO Plan is expected to demonstrate compliance in meeting the LTIIP and to identify a utility’s near-term construction projects that will be funded by the DSIC, consistent with the LTIIP. The Commission’s Bureau of Audits also conducts periodic review of DSIC related projects. Therefore, the Commission concludes that OCA’s concern will be addressed through the AAO Plan review and through other Commission reviews of DSIC-related projects. Accordingly, we will not specifically require PGW to submit results of system network analysis before and after the segment installation to confirm DSIC eligibility of related projects.

Upon review of PGW’s LTIIP and all supplemental information filed, the Commission finds that the types and ages of eligible property requirements of element one of the Final Implementation Order have been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item one conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

Though this Commission takes no position with regard to that “five phase” approach, we will, however, require PGW to provide a quarterly report to the Commission to help track the adequacy of the Plan with regard to maintaining safety and reliability resulting from these investments. These metrics will provide future information about the viability of PGW’s longer term replacement goals, which, in turn, will provide insights as to whether subsequent modifications of PGW’s current LTIIP are needed, and also inform the design of subsequent LTIIPs. PGW is to provide month end balances resulting for both the number of Class 1 through 7 leaks, as well as the average age of identified leaks for each class.[[6]](#footnote-6) This information shall be filed with the Commission Secretary, under this docket number, as soon as possible, but in no event later than 30 days following the end of each calendar quarter. A copy of the report shall simultaneously be delivered electronically to the Commission’s Manager of the Gas Safety Division.

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

**PGW’s Petition**

PGW’s accelerated replacement program, beginning with PGW’s 2013 fiscal year, is detailed in Table 2 below.

**Comments**

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

**Resolution**

Upon review of PGW’s LTIIP and all supplemental information filed, the Commission finds that the schedule for planned repair and replacement of eligible property requirements of element two of the Final Implementation Order has been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item two conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

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

**PGW’s Petition**

Eligible property is located throughout the City of Philadelphia as follows:

1. Approximately 22 miles of 12 inch and smaller HP cast iron main (10 to 35 psig) composed of 752 individual sections of main of similar size, pressure and age, varying in length from 1 foot to 2,000 feet in length.
2. Approximately 16 miles of 30 inch HP cast iron main (10 to 35 psig) composed of 545 individual sections of main of similar size, pressure and age, varying in length from 1 foot to 1,900 feet.
3. Approximately 1,220 miles of 8 inch and smaller LP/IP cast iron main (4.5 inches WC to 5 psig) composed of 72,500 individual sections of main of similar size, pressure and age, varying in length from 1 foot to 2,000 feet.

**Comments**

No comments were received regarding the location of eligible property.

**Resolution**

Upon review of PGW’s LTIIP and all supplemental information filed, the Commission finds that the location of eligible property requirements of element three of the Final Implementation Order has been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item three conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

**(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**

**PGW’s Petition**

PGW’s current baseline main replacement program removes 18 miles of cast iron main annually and will seek recovery, via the DSIC, for expenditures above the cost of the base line program on a pay as you go basis in its DSIC petition. PGW plans to seek recovery of $22 million annually via a DSIC surcharge for the first five years of its program and plans to spend a corresponding $22 million annually for its accelerated main replacement program. That is the amount permitted under the 5% consumer protection cap on DSIC revenue recovery based on distribution revenues (non-gas revenues) from PGW’s recent base rate case.

**Table 2 – Quantity of Property to Be Removed and Annual Expenditures**



PGW is taking the following measures to ensure that the LTIIP is cost effective: (1) PGW is proposing to fund the accelerated program on a pay as you go basis to avoid the issuance of long term debt, (2) PGW’s Main Prioritization Model reduces future breakage repair costs as detailed in Section 6 below, and (3) PGW will use a competitive bidding process and will be seeking new contractors for main installation to create a larger bidding pool and more competitive bid prices as detailed further in Section 7, workforce management and training program, below.

**Comments**

OCA states that certain additional information may be needed to properly evaluate whether PGW’s LTIIP meets all the requirements of Act 11 and the Final Implementation Order. In regard to cost-effectiveness, OCA submits that PGW should provide additional information on several issues. PGW’s LTIIP proposes to replace customer service lines associated with the cast iron mains being replaced. OCA recommends that the Commission direct PGW to clarify whether the mains and service lines will be replaced in conjunction with each other and whether it proposed to install all needed gate boxes and valves for shut offs when it replaces the mains. OCA further recommends that PGW provide a calculation of avoided costs attributable to replacing PGW’s proposed replacement levels of cast iron pipe annually.

In its comments, PICGUG states that it does not object to the LTIIP at this time, but submits that the scope of investment projected for the LTIIP demands the highest degree of scrutiny by the Commission to ensure that the completed capital improvements remain reasonably consistent with projections outlined in the LTIIP and limited to eligible assets. PICGUG states that the Commission should conduct ongoing reviews of any method applied by PGW to measure cost-effectiveness and should ensure that the proposed improvements will maintain safe, reliable, and reasonable service. PICGUG states that the Commission must ensure that only eligible equipment are included in the LTIIP and the DSIC.

**Resolution**

In response to Commission Staff data request TUS-P-13, requesting clarification whether mains and service lines will be replaced in conjunction with one another, PGW states that PGW will replace all service lines that are not plastic or protected coated steel in conjunction with PGW’s main replacement program.

In response to Commission Staff data request TUS-P-14, requesting clarification whether PGW proposes to install all needed gate boxes and valves for shut offs during the proposed main replacements and service line tie overs, PGW states that all required valves and boxes for service lines are installed during main replacement work.

In response to Commission Staff data request TUS-P-17, requesting a calculation of avoided costs attributable to replacing 25 miles of cast iron pipe per year, PGW provided a conservative estimate that for every 25 miles of main that PGW replaces, a total of 15 main repairs would be avoided annually. At an estimated repair value of $2,500 per repair on main 8” and smaller, the savings associated with these avoided repairs is approximately $37,500 annually. PGW stated that it is difficult to calculate normative annual avoided costs because the nature of main breaks and joint leaks is dynamic and many leaks occur due to varying weather conditions.

The Commission has reviewed PICGUG’s comments and agrees that it is necessary to continually measure cost-effectiveness of the LTIIP and to make sure that the property for which recovery is sought in the DSIC mechanism is consistent with the LTIIP and is DSIC-eligible. However, that does not mean that inclusion of some arguably non-DSIC eligible property as part of the utility’s infrastructure improvement plan is a reason to withhold approval of the proposed LTIIP.

In any event, as stated in the Final Implementation Order, a Commission approved LTIIP is subject to periodic review by the Commission, and the process for the periodic review of approved LTIIPs is being addressed in a rulemaking at L‑2012‑2317274. The Commission has issued that proposed rulemaking to provide a comprehensive process for the ongoing review of approved LTIIPs and to ensure that all utilities remain in compliance with their respective LTIIPs.

Upon review of PGW’s LTIIP and all supplemental information filed, the Commission finds that the reasonable estimates of the quantity of property to be improved and the projected annual expenditures and measures to ensure that the plan is cost effective requirements of element four and five of the Final Implementation Order of Act 11 has been fulfilled. The Commission acknowledges the level of detail contained within the LTIIP for item four and five conforms to Commission requirements and is presented in a manner that allows for complete and efficient review of, and reference to, these materials.

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

**PGW’s Petition**

PGW proposes to accelerate its replacement of 8 inch and smaller cast iron main inventory (totaling 1,200 miles) by 17 years, and accelerating the replacement of all 12 inch and 30 inch high pressure cast iron main by more than 60 years. Without the LTIIP, PGW removes 18 miles of cast iron main as part of its baseline main replacement program.

Regarding how the repairs, improvements or replacements detailed in the LTIIP will maintain safe and reliable service, PGW engaged Advantica in 2008 and GL Noble Denton in 2012 to prepare benchmarking analyses and studies comparing PGW’s replacement programs to seven other similar (centered around an inner city) utilities. PGW’s proposed accelerated 25 mile replacement program would rank second highest of the eight companies studied. As part of the 2008 effort, PGW also implemented Advantica’s Main Replacement Prioritization (MRP) model to assess the risk factors of PGW’s 8 inch and smaller cast iron distribution system and prioritizes which pipe segments should be replaced. PGW is now implementing the same MRP model for a more focused review of its 12 inch and smaller high pressure cast iron main replacement program as part of the 2012 GL Noble Denton effort. The MRP model was developed based on 20 years of failure data and 10 years of gas leakage data from over one million cast iron and ductile iron pipe segments in the UK. The MRP model is now used by all UK network gas companies and more than 10 US natural gas distribution companies including several with large city centers similar to PGW. The Advantica MRP model uses risk scores to help PGW reduce serious incidents, reduce breakage repairs and reduce future breakage repair costs.

PGW’s 2012 GL Noble Denton study included PGW and eight other distribution utilities to determine the best course of action for replacement of large diameter cast iron mains. The study concluded that replacing 2 miles of 12 inch high pressure cast iron main per year provides the proper balance of risk reduction for PGW. PGW’s accelerated pipe replacement program will remove an average of 2 miles annually of larger sized high pressure mains until all of its 12 inch high pressure mains are completely replaced. (LTIIP Petition at 18.)

PGW relied on its current DIMP plan, prepared pursuant to 49 CFR § 192.1107 and last updated on October 16, 2012, when it developed its main replacement program. The DIMP plan was reviewed by Commission staff herein only to determine if it is consistent with the LTIIP. The DIMP plan will undergo further Commission review by the Commission’s Gas Safety Division.

PGW also uses field observations to enhance its pipe replacement program as needed. When PGW recently exposed a section of its 30 inch HP main, localized corrosion was discovered. As a result, PGW has included replacement of 30 inch high pressure main in the LTIIP.

PGW has identified several large segments of redundant and under-utilized main that can be removed from service. Specifically, several segments of 20 inch and 12 inch main can be removed from service and abandoned. PGW will also monitor its cast iron main inventory for opportunities to remove/abandon any high pressure main that is between 12 inches and 30 inches.

**Comments**

OCA’s comments state that the Commission must determine if PGW will accelerate infrastructure repair and replacement in a cost effective manner. OCA states that certain additional information may be needed to properly evaluate whether PGW’s LTIIP meets all the requirements of Act 11 and the Final Implementation Order.

OCA suggests that PGW should inform the Commission how it plans to replace service lines and other appurtenances in conjunction with main replacement to ensure the most cost –effective and timely deployment. PGW has a significant population of bare steel service lines (*i.e.*, Company-owned service lines). PGW has not provided any information on the expected incidental reduction in bare steel service lines due to the acceleration of the smaller diameter cast iron main replacements.

OCA believes it may be helpful to the Commission to have basic performance information for PGW’s system, such as leak rates per 1,000 services by material type or leaks per mile of main by pipe material type. This information is available in the DOT 7100 reports. OCA suggests that PGW submit copies of these reports for the last five years to the Commission.

OCA avers that PGW should provide further support for including the 30 inch cast iron main segments without known active corrosion in the LTIIP. With regard to abandonments, OCA suggests that PGW clarify how the Company will make the determination that it is appropriate to abandon a particular main, and how the company will provide for any existing customers receiving service from those mains.

**Resolution**

In response to Commission Staff data request TUS-P-11, requesting additional information on the expected incidental reduction in bare steel services due to the acceleration of the smaller diameter cast iron main replacements, PGW explained that PGW’s service inventory is comprised of 72% plastic or protected coated steel services, therefore, most services will not require replacement. PGW estimates that the replacement of three miles of small diameter cast iron main through the LTIIP would yield an expected incidental reduction in bare steel services of approximately 225 per year.

In response to Commission Staff data request TUS-P-12, requesting PGW’s DOT 7100 reports for the last five years, PGW provided the 2007 – 2011annual DOT 7100 reports. The DOT 7100 reports provide number of leaks repaired annually by cause of leak not by type of pipe material.

In response to Commission Staff data request TUS-P-15, requesting additional information to support including 30” cast iron main in its accelerated replacement plan for segments where there is no know active corrosion, PGW asserts that the 30” cast iron main section found to have localized corrosive conditions shares the same installation and construction practices with 60% of PGW’s entire 30” main inventory and that it is highly likely that the localized corrosive conditions exists on all of the main sharing the same installation and construction characteristics. PGW’s network analysis studies have determined that the majority of the 30” pipe can be replaced with 20” pipe thereby generating cost savings.

In response to Commission Staff data request TUS-P-16, requesting additional information regarding how PGW will determine that any high pressure mains are redundant or underutilized and how PGW will provide for any existing customers receiving service from mains that are targeted for abandonment, PGW asserts that network analysis studies are performed to ensure adequate service is maintained to existing customers and provides consideration for any foreseeable future expansion. PGW’s Distribution Department Network Systems group utilizes the SynerGEE Gas 4.4.2 by GL Noble Denton program to simulate various flow and pressure scenarios to assure that potential abandonment or replacement work will not affect current customers or system integrity.

Upon review of the LTIIP and supplemental information, the Commission finds that the manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service requirements of the Final Implementation Order, have been fulfilled. PGW is clearly planning to accelerate its infrastructure replacement over the timeframe of the LTIIP and has demonstrated that completion of the planned projects of the LTIIP will maintain safe and reliable service.

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

**PGW’s Petition**

The Final Implementation Order requires utilities to include within its LTIIP a workforce management and training plan designed to ensure that the utility will have access to a qualified workforce to perform work in a cost-effective, safe and reliable manner.

For PGW’s workforce, the Company provided a description of a rigorous formal training and evaluation process administered for all qualified workers, as set forth in US Department of Transportation, Office of Pipeline Safety Regulation Title 49 CFR 192 Subpart N, via PGW’s Natural Gas Pipeline System Operator Qualification Plan (effective April 26, 2001).

PGW has a dedicated Training Section which provides classroom training as well as simulated and/or actual field training each time a PGW employee is promoted to a new position. Every employee is tested on their ability to perform every assigned task within an associated job title. PGW also instituted annual training classes for all field and management personnel that cover such tasks as proper trench shoring techniques, leak investigation and migration practices, damage prevention methodologies, proper use of gas detection instruments, plastic pipe fusion qualifications, steel pipe welding qualifications and proper respirator use. PGW Training Section staff tests and qualifies outside contractor workforce in plastic pipe fusion and steel welding practices and has established procedures to qualify contractors for live gas work.

**Comments**

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

**Resolution**

Upon review of the LTIIP, the Commission finds that the workforce management and training program requirements of the Final Implementation Order have been addressed.

As part of the planning for DSIC projects, a utility may experience the need for increased workforce, internal and contractor. Utilities should be able to identify the projected number of jobs (or full-time equivalents) that are expected to be created through specific replacement projects. When a utility submits its information on the eligible projects, it should supply the number of anticipated new jobs to be created by those projects. When the DSIC funds are audited for annual reconciliation, the utility should be able to provide actual numbers for the jobs created due to specific replacement projects.

**LTIIP SUMMARY**

The Commission has reviewed each of the seven required elements of PGW’s Petition for Approval of its LTIIP individually and has taken into account the Comments received on this Petition. Accordingly, PGW’s LTIIP is approved.

**PGW’S DSIC PETITION**

Section 1353 of the Public Utility Code requires public utilities and CNGDOs seeking approval of a DSIC to file a petition that includes the following:

1. An initial tariff that complies with the Model Tariff adopted by the Commission, which includes:
   1. A description of eligible property;
   2. The effective date of the DSIC;
   3. Computation of the DSIC;
   4. The method for quarterly updates of the DSIC; and
   5. A description of consumer protections.
2. Testimony, affidavits, exhibits, and other supporting evidence demonstrating that the DSIC is in the public interest;
3. A Long Term Infrastructure Improvement Plan (LTIIP) as described in Section 1352, 66 Pa. C.S. § 1352;
4. Certification that a base rate case has been filed within five years prior to the filing of the DSIC petition; and
5. Other information required by the Commission.

**(1) Tariff Filing**

Section 1353 requires utilities to file an initial tariff that complies with the Model Tariff adopted by the Commission. PGW’s proposed Supplement No. 58 to Tariff Gas – Pa. P.U.C. No. 2 (Supplement No. 58) reflects some of the language in the Model Tariff, but suffers from a number of deficiencies.

**(a) Eligible Property**

**PGW’s Petition**

PGW proposes to include the same eligible property in its DSIC as in its LTIIP, including piping, couplings, gas service lines, valves, excess flow valves, risers, meter bars, meters, unreimbursed costs related to highway relocation projects, and other related capitalized costs.

**Comments**

OCA questions PGW’s proposals to annualize DSIC-eligible costs and notes that this could allow the recovery of costs associated with plant not yet used and useful. OCA Answer, pp. 3 and 4. Additionally, OCA questions whether PGW’s proposal to recover the costs of eligible property placed in service in November 2012 in a DSIC charge established March 1, 2013, may violate Section 1357 and the prohibition against retroactive ratemaking. OCA Answer, p. 4.

**Resolution**

Eligible property for CNGDOs is defined in Section 1352, 66 Pa. C.S. § 1351(2). Eligible plant as described by PGW’s tariff is in conformance with Act 11 and the Model Tariff. As we noted in Columbia’s LTIIP and DSIC proceeding,[[7]](#footnote-7) inclusion of some *arguably* non-DSIC eligible property in a LTIIP is not a reason to disapprove the LTIIP.

To the extent that the comments regarding eligible property relate to the calculation of the DSIC, they will be addressed in the discussion of computation of the DSIC, below. *See* Section (1)(c), Computation of the DSIC section below.

**(b) Effective Date**

**PGW’s Petition**

PGW’s proposed Supplement No. 58 has an issued date of January 18, 2013, and an effective date of March 1, 2013. PGW is, thus, requesting that the Commission approve PGW’s initial DSIC on less than 60 days’ notice. PGW Petition at 8.

**Comments**

OCA, OSBA and PICGUG have filed to intervene and have requested evidentiary hearings before an Administrative Law Judge. OCA has stated that the DSIC Petition should be denied as filed. OCA Answer, p.1. OCA also questions PGW’s need to coordinate the DSIC quarterly adjustment schedule with PGW’s Gas Cost Rate (GCR) schedule and its fiscal year. OCA Answer p. 5. PICGUG notes that the Commission cannot complete an investigation of the proposed DSIC prior to the requested March 1, 2013 effective date. PICGUG Answer, p. 4.

**Resolution**

Consistent with our analysis regarding the totality of PGW’s DSIC Petition and proposed DSIC tariff, we agree with OCA, OSBA, and PICGUG that PGW’s DSIC Petition and proposed DSIC tariff have raised issues that preclude approval of the tariff at this time. Accordingly, we shall not approve the requested effective date for PGW’s proposed Supplement No. 58 at this time.

PGW requested an approval on less than 60 days’ notice and requested a March 1, 2013 effective date to coordinate with its GCR schedule and fiscal year.  We have required the initial tariffs to be filed on 60 days’ notice with the proviso that subsequent quarterly changes could be filed on 10 days’ notice.  Further, the March 1, 2013 effective date appears to be inconsistent with Act 11.

Act 11 requires reconciliations “over a one year period or quarterly period commencing **April 1** of each year.”  66 Pa. C.S. §1358(e)(2).  This provision appears to lock in an April 1, July 1, October 1, January 1 effective date schedule for DSIC tariffs, which equates to filing dates not later than March 22, June 21, September 21, and December 22. Thus, the next available effective date would appear to be July 1, 2013, with a filing date not later than June 21, 2013.

Section 2212(c) of the Public Utility Code, however, allows the Commission, upon PGW’s request, as a CNGDO, to "suspend or waive" certain provisions of Title 66, including Chapter 13, if deemed reasonable and appropriate.  66 Pa. C.S. § 2212(c).  Based on the present record, we do not find that PGW has met the burden of Section 2212(c) with its pending DSIC Petition, and thus we cannot approve a deviation from the tariff effective date provisions, the filing schedule, or the notice period at this time.  Our finding herein is without prejudice for PGW to provide further support for its request, consistent with Section 2212(c).

**(c) Computation of the DSIC**

**PGW’s Petition**

PGW proposed to invest $22 million annually in eligible improvements over a 12-month period. However, PGW provides no quarterly data as to what has been placed in service in over the required three-month period. The testimony of PGW Witness Dybalski states that “…the initial DSIC will be determined based on the March 1, 2013 to August 31, 2013 time period for revenues or billing, but the cost recovery will be based on DSIC eligible property placed in service between November 1, 2012 to August 31, 2013.” Dybalski Testimony, p. 11.

With Supplement No. 58, PGW is proposing a DSIC based on a volumetric charge by rate class. Additionally, PGW is proposing to recover its cost on an annualized basis rather than based on the cost for plant placed in service for each quarter. As such, PGW attempts to recover the $22 million of DSIC eligible property proposed in its LTIIP divided by its projected annual distribution revenues. PGW then takes the additional step of calculating the DSIC surcharge on a volumetric (per Ccf or per Mcf) basis by customer class. The formula used by PGW for calculation of the DSIC is as follows:

DSIC = DSI +e

PSV

Where:

DSI = Recoverable costs (defined in Section B, Eligible Property).

e = Amount calculated under the annual reconciliation feature or Commission audit.

PSV = Projected sales volumes for distribution services for the annual period during which the charge will be collected.

**Comments**

OCA is concerned that PGW proposes to recover an annualized amount of DSIC-eligible cost rather than recovering the cost of eligible property that has been placed in service during the prior three-month period. OCA opines that this may violate Section 1357. OCA notes that PGW’s proposal would allow the recovery of costs associated with future plans and, therefore, is not consistent with Act 11 or the longstanding principle that plant must be used and useful prior recovery in rates. OCA Answer, pp. 3 and 4. Additionally, OCA expresses concerns that PGW’s proposal to recover the costs of eligible property placed in service in November 2012 in a DSIC charge established March 1, 2013, may violate Section 1357 and the prohibition against retroactive ratemaking. OCA Answer, p. 4.

OCA submits that PGW’s DSIC calculation is incorrect because: 1) PGW’s proposed method to recover an annualized amount of DSIC-eligible cost rather than recovering the cost of eligible property that has been placed in service during the prior three-month period may violate Section 1357 and the used and useful requirement for rate recovery; 2) PGW’s proposal to recover the costs of eligible property placed in service in November 2012 in a DSIC charge established March 1, 2013 may violate Section 1357 and the prohibition against retroactive ratemaking; 3) PGW’s proposal to express the surcharge as a volumetric charge per Ccf carried to five decimal places is not consistent with the statutory requirement that the DSIC rate be expressed as a percentage; and 4) PGW’s proposed tariff is not consistent with the Model Tariff.

PICGUG also expressed concern over PGW’s calculations based on annualized costs rather than actual costs for plant placed in service each quarter, which they note fails to comply with the Implementation Order. PICGUG Answer at 6.

**Resolution**

PGW has not provided information regarding actual property placed in service for the three-month period ending one month prior to the requested effective date of the tariff as required by Section 1357 of Act 11 but instead proposes to recover an annualized amount of DSIC-eligible cost. Further, PGW proposes to base its initial DSIC recovery of plant placed in service between November 1, 2012, and August 31, 2013. Section 1357, Computation of charge, provides that the initial DSIC shall be calculated to recover the fixed cost of eligible property that has been placed in service during the three-month period ending one month prior to the effective date of the DSIC. 66. Pa. C.S. § 1357(a)(1)(ii). Thus, both these calculations appear to be inconsistent with the statutory standard, and, therefore, this approach will not be approved at this time. Further, Act 11 requires that the DSIC rate be expressed as a percentage.

Upon review, PGW’s DSIC calculations appear to be inconsistent with the Final Implementation Order and the Model Tariff and do not appear to conform to the filing requirements as provided by Act 11. Accordingly, we shall not approve the proposed calculation method at this time.

**(d) Quarterly Updates**

**PGW’s Petition**

A utility’s DSIC is subject to quarterly updates to reflect eligible plant additions placed in service during the three-month period ending one month prior to the effective date of any DSIC update. Proposed Supplement No. 58 includes the effective dates of PGW’s proposed DSIC updates. Supplement No. 58 stated that quarterly updates would be filed with the Commission, I&E, OCA and OSBA “at least one (1) day prior to the effective date”.

**Comments**

OCA is concerned with PGW’s tariff providing that PGW will file supporting data for each quarterly update with only one day notice prior to the effective date of the update. OCA states that Section 1357(d)(3) requires utility’s file and serve this information “at least ten days prior to the effective date of the update.” 66 Pa. C.S. § 1357(d)(3). OCA asserts that one day’s notice is unreasonable and inconsistent with statutory requirements. OCA Answer at 4.

**Resolution**

In accordance with 66 Pa. C.S. § 1358(e)(2), the revenue received under the DSIC for the reconciliation period shall be compared to the utility’s eligible costs for that period. The difference between revenue and costs shall be recouped or refunded, as appropriate, in accordance with 66 Pa. C.S. § 1307(e), over a one-year period or quarterly period commencing April 1 of each year. Further, Section 1357(d)(3) and the Commission’s Model Tariff clearly state that quarterly updates are required ten days prior to the effective date of the update.

Upon review, PGW’s proposal regarding quarterly revisions appears to be inconsistent with the Final Implementation Order and the Model Tariff and does not appear to conform to the filing requirements as provided by Act 11. Accordingly, we shall not approve the proposed quarterly revisions provisions at this time.

**(e) Consumer Protections**

**PGW’s Petition**

In accordance with the Model Tariff and consistent with 66 Pa. C.S. § 1358, PGW’s proposed Supplement No. 58 also includes the following customer safeguards:

1. A 5.0% cap on the total amount of revenue that can be collected by PGW as determined on an annualized basis;
2. Annual reconciliations performed by PGW;
3. Audits conducted by the Commission;
4. Customer notice of any changes in the DSIC; and
5. A reset of the DSIC to zero as of the effective date of new base rates that include the DSIC-eligible plant;

As a customer safeguard, the Model Tariff states that the DSIC shall be applied equally to all customer classes. PGW did not include a provision that specifies that PGW will reduce or eliminate the Rider DSIC to any customer with competitive alternatives or potential competitive alternatives and customers having negotiated contracts.

PGW’s proposed tariff states that the DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending August 31 of each year.

**Comments**

OCA is concerned that the volumetric rates proposed by PGW “obscures the connection between the DSIC rate and the statutory 5% bill limitation.” OCA Answer at 4.

**Resolution**

In accordance with 66 Pa. C.S. § 1358(e)(2), the revenue received under the DSIC for the reconciliation period shall be compared to the utility's eligible costs for that period. The difference between revenue and costs shall be recouped or refunded, as appropriate, in accordance with section 1307(e), over a one-year period or quarterly period commencing April 1 of each year. Based on the statute mandating over/under collections be refunded commencing April 1 of each year, PGW should update its DSIC tariff to reflect the April 1 date. Further, PGW’s failure to include a provision which excludes customers with competitive alternatives or negotiated rates appears to be inconsistent with the Final Implementation Order.

Upon review, PGW’s proposed provisions regarding customer protections appear to be inconsistent with the Final Implementation Order and the Model Tariff and do not appear to conform to the filing requirements as provided by Act 11. Accordingly, we shall not approve the proposed customer protections provisions at this time.

**(2) Public Interest Considerations**

**PGW Petition**

PGW Witness Moser explained the connection between PGW’s LTIIP and DSIC. Additionally, Witness Moser explained PGW’s LTIIP and how PGW’s accelerated main replacement program is in the public interest, is cost-effective and will ensure and maintain adequate, safe and reliable service.

**Comments**

No comments were received regarding the supporting evidence that PGW’s DSIC is in the public interest.

**Resolution**

Section 1353 requires testimony, affidavits, exhibits, and other supporting evidence to be submitted demonstrating that the DSIC is in the public interest. PGW submitted direct testimony of PGW’s Executive Vice President and Acting Chief Operating Officer and exhibits demonstrating how the proposed DSIC supports accelerated infrastructure improvement and is in the public interest.

Accordingly, while we find that PGW’s proposed DSIC is not presently in compliance with the statute and our Model Tariff, we are persuaded that a properly formulated DSIC would be in the public’s interest and would support accelerated infrastructure improvement.

**(3) Long Term Infrastructure Improvement Plan**

Section 1353 requires that the utility have an approved Long Term Infrastructure Improvement Plan (LTIIP). PGW filed a LTIIP with the Commission on December 3, 2012, which is recommended for approval in this order above.

**(4) Base Rate Case**

Section 1353(b)(4) requires a utility to certify that it has filed a base rate case within the five years prior to the date of its DSIC petition. PGW has provided the required certification that its last base rate case, under which PGW’s current base rates were established, was filed on November 3, 2009 and went into effect September 1, 2010.[[8]](#footnote-8).

**(5) Other Information Required by the Commission**

**Section 1354 - Customer Notice**

Pursuant to 66 Pa. C.S. § 1354 a utility is required to provide customer notice of (1) submission of the DSIC petition, (2) the Commission’s disposition of the DSIC petition, (3) any quarterly changes to the DSIC rate, and (4) any other information required by the Commission. PGW states that it will provide customer notice of the proposed DSIC and quarterly updates through bill inserts, consistent with Act 11 and the Final Implementation Order. Testimony submitted with the DSIC Petition states that:

PGW will comply with the statutory notice requirement under Section 1354 of Act 11 by including a bill insert upon the submission to the Commission of the proposed DSIC and initial DSIC tariff. Customers will be given notice again when the Commission issues its Final Order on the DSIC filing.

PGW Statement 1 at 11-12.

The Commission finds that this is consistent with the notice requirements set forth in the Model Tariff, Act 11 and the Final Implementation Order.

**Bills Rendered or Service Rendered**

The Final Implementation Order directed utilities to bill customers for the DSIC on a bills rendered basis versus a service rendered basis[[9]](#footnote-9), based on current practice and procedure for water companies. *See* 66 Pa. C. S. § 1358. PGW’s proposed tariff specified that billing for the DSIC would be on a bills rendered basis.

**Section 1355 – Commission Review**

Section 1355 provides that the Commission shall, after notice and opportunity to be heard, approve, modify or reject a utility’s proposed DSIC and initial tariff. We have reviewed PGW’s proposed DSIC and proposed tariff Supplement No. 58 and determined that it is not presently in compliance with the statute and our Model Tariff and, accordingly, should be referred to the OALJ for hearing and decision.

**DSIC SUMMARY**

Having determined that a properly formulated DSIC would be in the public’s interest and would support accelerated infrastructure improvement in the PGW system, we shall approve the DSIC Petition in part and deny it in part, consistent with this Order.

We find that PGW’s proposed DSIC tariff does not appear to be in compliance with Act 11, the Final Implementation Order, and our Model Tariff, and, therefore, the proposed DSIC tariff cannot be approved at this time. The issues of concern are summarized as follows:

1) PGW’s proposed method to recover an annualized amount of DSIC eligible cost rather than recovering the cost of eligible property that has been placed in service during the prior three-month period appears to violate Section 1357;

2) PGW’s proposal to recover the costs of eligible property placed in service in November 2012 in a DSIC charge established March 1, 2013 appears to violate Section 1357;

3) PGW’s proposal to express the surcharge as a volumetric charge per Ccf carried to five decimal places does not appear to be consistent with the statutory requirement that the DSIC rate be expressed as a percentage;

4) PGW’s proposals regarding quarterly updates and customer protections do not appear to be consistent with the Model Tariff; and

5) PGW’s proposal regarding the filing schedule and effective date of its DSIC tariff do not appear to conform to Section 1358 (e)(2), and whether PGW has met the requirements for a Section 2212(c) waiver or suspension.

PGW shall have ten (10) days to file a revised proposed tariff or further support for its proposals. The parties shall have ten (10) days to comment on the revised tariff or further support, after which we will consider any proposed tariff revisions and the further comments of PGW and the other parties.

If, upon our further review, the revised proposed tariff does not appear to conform to Act 11, the Final Implementation Order, and the Model Tariff, the contested aspects will be referred to the OALJ for hearing and decision. The Commission may, if appropriate, allow the revised proposed DSIC tariff to become effective subject to investigation, refund, and recoupment.

**CONCLUSION**

Upon review, the Commission finds that PGW’s LTIIP and manner in which it was filed conforms to the requirements of Act 11 and our Final Implementation Order and the LTIIP Petition should be granted.

The Commission also finds that PGW’s DSIC Petition should be granted in part as to PGW using a DSIC mechanism but denied in part as to the implementation of a DSIC pursuant to the proposed tariff. Because PGW’s Petition for a DSIC and the associated proposed DSIC tariff provisions appear to be inconsistent with the statute, the Final Implementation Order, and the Model Tariff, PGW shall file within ten (10) days of the entry of this Order a revised proposed DSIC tariff addressing the inconsistencies and deficiencies noted herein. The Parties shall have ten (10) days to comment on the revised proposed tariff. If the revised proposed tariff does not appear to conform to Act 11, the Final Implementation Order, and the Model Tariff, the contested aspects of the DSIC Petition and proposed DSIC tariff shall be referred to the OALJ for hearing and decision. The Commission may, if appropriate, allow the revised proposed DSIC tariff to become effective subject to investigation, refund, and recoupment; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition for Approval of a Long-Term Infrastructure Improvement Plan (LTIIP) filed by Philadelphia Gas Works is approved, consistent with this Order.

2. That the Petition for Approval of a Distribution System Improvement Charge (DSIC) filed by Philadelphia Gas Works is approved in part and denied in part, consistent with this Order.

3. That Philadelphia Gas Works shall file a revised proposed DSIC tariff addressing the inconsistencies noted herein within ten (10) days of entry of this Order, with a ten (10) day comment period to follow.

4. That Philadelphia Gas Works shall file a quarterly report with the Commission providing information on reliability and safety as described in this Order no later than 30 days following each calendar quarter. An electronic copy of this report shall be provided simultaneously to the Commission’s Manager of the Gas Safety Division.

5. That PGW provide the estimated number of anticipated new jobs to be created for specific replacement projects with its revised DSIC tariff and to track such employment in order to have actual numbers of jobs created when the DSIC fund information is submitted for annual audit and reconciliation.

6. That if, upon review, the revised proposed DSIC tariff does not appear to conform to Act 11, the Final Implementation Order, and the Model Tariff, the contested aspects of the DSIC Petition and proposed DSIC tariff shall be referred to the Office of the Administrative Law Judge for hearing and decision. The Commission may, if appropriate, allow the revised proposed DSIC tariff to become effective subject to investigation, refund, and recoupment.

**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: April 4, 2013

ORDER ENTERED: April 4, 2013

1. PGW owns and operates all the service lines from the mains to the meters. There are no customer-owned service lines in the PGW territory. Service lines are also referred to as services. [↑](#footnote-ref-1)
2. <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0011..HTM>. [↑](#footnote-ref-2)
3. The unit “psig” means pounds/square inch gauge – a pressure measurement relative to atmospheric pressure. The unit “inches WC” means inches of water column and is used for low pressure measurements. [↑](#footnote-ref-3)
4. This information was taken from the PGW’s annual DOT report for 2011. [↑](#footnote-ref-4)
5. Review of PGWs replacement of infrastructure will also be the subject of the review of its Distribution Integrity Management Program (DIMP) which identifies the threats to its distribution system, evaluates these threats, ranks the related risks and lists strategies to mitigate those risks. [↑](#footnote-ref-5)
6. Each report will have month end balances for each month in the previous quarter. Leak duration is measured from time of identification to the time of leak repair, by class. [↑](#footnote-ref-6)
7. *Petition of Columbia Gas of Pennsylvania, Inc. for Approval of its LTIIP & Petition of Columbia Gas of Pennsylvania, Inc. for Approval of a DSIC, P-2012-2338282* (March 14, 2013). [↑](#footnote-ref-7)
8. Order entered July 29, 2010 at Docket No. R-2009-2139884. [↑](#footnote-ref-8)
9. Bills calculated under the “bills rendered” basis are computed based on the effective rate at the time of the bill. Bills calculated under the “service-rendered” basis are prorated based on service rendered before and after a tariff rate change. [↑](#footnote-ref-9)