**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held May 9, 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 PECO Energy Company for Approval of its Long-Term Infrastructure Improvement Plan  |  Docket Numbers: P-2013-2347340 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Commission for consideration is the Petition for approval of the Long-Term Infrastructure Improvement Plan (LTIIP) of PECO Energy Company (PECO). The Petition was filed on February 8, 2013.

**HISTORY OF THE PROCEEDING**

PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. PECO provides electric delivery service to approximately 1.6 million customers and natural gas delivery service to approximately 495,000 customers in Pennsylvania. PECO furnishes gas service within its authorized service territory in Bucks, Chester, Delaware, Lancaster and Montgomery Counties. PECO 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.

The LTIIP Petition was filed on February 8, 2013. Copies of the LTIIP Petition were served on the statutory advocates as well as the active parties in PECO’s last gas base rate case proceeding.

**Comments**

Philadelphia Area Industrial Energy Users Group (PAIEUG) filed comments on February 28, 2013. PAIEUG did not object to PECO’s proposed LTIIP at this time. In its comments, PAIEUG 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.

The Office of Consumer Advocate (OCA) filed comments on February 28, 2013.

**International Brotherhood of Electrical Workers Local 614 Petition to Intervene**

On February 12, 2013, the International Brotherhood of Electrical Workers Local 614 (Local 614) filed a Petition to Intervene pursuant to Section 5.72 of the Commission’s regulations. Section 5.72 of the Commission’s regulations provide in pertinent part that a person is eligible to intervene if it meets one of the following criteria: (1) a right conferred by statute of the United States or of the Commonwealth; (2) an interest which may be directly affected and which is not adequately represented by existing participants, and as to which the petitioner may be bound by the action of the Commission in the proceeding; and (3) another interest of such nature that participation of the petitioner may be in the public interest.

Local 614 requests that the Commission grant its Petition to Intervene as it states that it has significant interest in the proceeding. Local 614 is the bargaining unit representative for 1,200 employees of PECO and is also a customer of PECO. The majority of members of Local 614 are also customers of PECO. Local 614 avers that numerous issues being raised in the proceeding will or may affect its interests as a representative of PECO’s employees and as a customer of PECO. Local 614 contends that PECO’s proposed LTIIP includes mention of planned annual expenditures, workforce and contractor deployment, minimizing costs through the use of contractors, minimum standards of knowledge for current employees, and required training for current employees. Local 614 also claims that additional issues may be raised by various parties concerning the safety and reliability of PECO’s plan that will or may have a direct effect on Local 614 and its members. Local 614 submits that no other party to the proceeding represents the interests of Local 614 and its members. Local 614 states that it intends to actively participate in this proceeding on such matters that affect its interests as a customer of PECO and the interests of its members as employees of PECO. Such participation may include the presentation of direct or rebuttal testimony and the cross-examination of witnesses presented by PECO and other parties to this proceeding.

**Resolution**

This proceeding may impact PECO’s employees who are members of Local 614. Local 614 intends to be an active participant in the proceeding. No other party to the proceeding represents the interests of Local 614 and its members. For these reasons, the Commission approves Local 614’s Petition to Intervene.

**BACKGROUND**

On February 14, 2012,Governor Corbett signed into lawAct 11 of 2012, (Act 11),[[1]](#footnote-1) 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 seven elements in the LTIIP.

 On March 14, 2013, the Commission issued a proposed rulemaking on LTIIP at

L-2012-2317274. The proposed rulemaking acknowledged the Commission’s decision against establishing a separate Pipeline Replacement and Performance Plan filing process at Docket M-2011-2271982, because it would be duplicative of the Act 11 DSIC regulatory process, specifically, the filing of LTIIPs. The Commission, nevertheless, determined that it would rather order additional actions from NGDCs if necessary, in order to safeguard the public. The Commission also acknowledged that the implementation of a DSIC mechanism may lead to numerous construction projects by the utilities. The Commission is also aware that these construction projects could lead to significant disruptions as utilities perform work in the right of ways of the roadways and streets across the Commonwealth in order to repair or replace their infrastructure. Therefore, the Commission has directed, by way of the proposed rulemaking, that a utility, as part of its LTIIP, should provide a description of its outreach and coordination activities with other utilities, Pennsylvania Department of Transportation (PennDOT) and local governments regarding their planned maintenance/construction projects and roadways that may be impacted by the plan.

 Therefore, the proposed rulemaking added an additional element, thereby increasing the seven elements in the LTIIP to eight as shown below:

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.
8. A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

**PECO’S LTIIP PETITION**

**PECO’s Petition**

 PECO’s LTIIP is a ten year plan designed to increase its projected capital investment for replacing cast iron, wrought iron, and ductile iron mains and bare steel mains and services by $20 million per year, from approximately $14 million to $34 million per year. PECO’s increased level of investment would enable it to replace all of its oldest, high-risk cast iron mains and all of its bare steel services in approximately 10 years and replace all of the cast iron and bare steel mains in its system in approximately 34 years.

As of December 31, 2011, there were approximately 1,731 miles of cast iron, wrought iron and ductile iron mains and bare steel mains and services in PECO’s gas distribution system. These mains and services were installed between the late 1800s and the 1960s. These mains and services comprise only about 14% (in length) of PECO’s system; yet they are the source of approximately 86% of all the leaks on PECO’s system. Prior to 2011, PECO had been replacing cast iron and bare steel mains at a rate of approximately 13 to 14 miles per year and replacing bare steel services at a rate of 1,800 per year. In 2011, PECO determined that its schedule for replacement of these mains and services should be accelerated.

PECO’s Distribution Integrity Management Program Plan (DIMP Plan) developed as required by the US Department of Transportation Pipeline and Hazardous Materials Administration (PHMSA) regulations per 49 CFR Subpart P, requires PECO to analyze and mitigate risks and threats to PECO’s distribution system. PECO’s DIMP was used in developing the LTIIP. The DIMP’s risk reduction goal along with other planning measures was used to prioritize PECO’s infrastructure improvements. PECO states that its DIMP plan and its LTIIP will be monitored, re-evaluated and updated annually. To the extent an annual update identifies any required changes in PECO’s LTIIP, those changes will be specifically noted and explained in the Annual Asset Optimization Plans that PECO will file with the Commission after its LTIIP and DSIC are implemented. (LTIIP Petition at 10.) The DIMP plan was reviewed by Commission staff herein only to determine if it is consistent with the LTIIP; it was consistent. The DIMP Plan will undergo further Commission review by the Commission’s Gas Safety Division.

PECO will prioritize replacement of wrought iron, ductile iron, cast iron and bare steel mains and bare steel services for which PECO’s risk modeling used as part of its DIMP Plan has determined to be high risk during this initial 10 year phase. With respect to cast iron main replacement, PECO will focus on cast iron main that (1) is less than eight inches in diameter; (2) operates at elevated pressure; and (3) is located in areas with greater population density and under extensively paved surfaces, or (4) was installed prior to 1900. All cast iron pipe with these characteristics will be replaced in ten years.

PECO addressed the eight elements (1) types and age of eligible property, (2) schedule for planned repair and replacement of eligible property, (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 as required in the Final Implementation Order of Act 11 as discussed below.

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

**PECO Position**

As of December 31, 2011, there were approximately 1,731 miles of cast iron, wrought iron and ductile iron mains and bare steel mains and services in PECO’s gas distribution system. Table 1 details the age and type of PECO’s mains that will be replaced.

**Table 1 – Mileage by Age Range of Cast Iron, Wrought Iron, Ductile Iron and Bare Steel Mains to Be Replaced**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year Range** | **Cast Iron** | **Wrought Iron**  | **Ductile Iron** | **Bare Steel** |
| 1971-2010 |  |  |  |  |
| 1961-1970 | 37 |  | 59 | 10 |
| 1951-1960 | 186 |  |  | 85 |
| 1941-1950 | 100 |  |  | 70 |
| 1931-1940 | 43 |  |  | 25 |
| 1921-1930 | 202 |  9 |  | 149 |
| 1911-1920 | 75 | 21 |  | 10 |
| 1900-1910 | 55 | 19 |  | 6 |
| Pre 1900 | 30 |  9 |  |  |
| **Total Miles** | 728 | 58 | 59 | 355 |

**Comments**

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

**Resolution**

 Upon review of PECO’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.

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

**PECO Position**

The Schedule for Planned Replacements can be found in Table 4 below. PECO states that the miles of main and number of services replaced for a given level of investment may be different from the estimates in Table 4 if actual work site conditions are more or less favorable than those assumed for purposes of PECO’s estimates.

**Comments**

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

**Resolution**

 Upon review of PECO’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**

**PECO Position**

Total eligible property (including property that is the focus of this LTIIP) is located throughout PECO’s territory as follows:

**Table 2 Location of Mains to be Replaced**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| County | Bare Steel (Miles) | Wrought Iron (Miles) | Cast Iron (Miles) | Ductile Iron (Miles) | Total Miles |
| Bucks | 47.8 | 1.7 | 25.2 | 2.8 | 77.5 |
| Chester | 46.3 | 4.2 | 55.4 | 9.8 | 115.7 |
| Delaware | 82.2 | 34.2 | 384.3 | 14.8 | 515.5 |
| Lancaster | 0.4 | - | - | - | 0.4 |
| Montgomery | 178.8 | 18.0 | 263.4 | 31.1 | 490.7 |
| Total Miles | 354.9 | 58.1 | 728.3 | 58.5 | 1,199.8 |

**Bare Steel Services**

PECO will modernize all of its bare steel customer service lines. (PECO owns and maintains customer service lines from the main to the meter.) Bare steel customer service lines are subject to corrosion like bare steel mains. Some bare steel service lines will be modernized along with the mains – to which they are attached – that are being replaced under the LTIIP. The remaining bare steel service lines will be prioritized to stay ahead of any repaving projects, areas prone to blockage, and areas that have a previous leak history. LTTIP at 22.

**Table 3 Location of Bare Steel Services to be Replaced**

|  |  |
| --- | --- |
| County | Number of Bare Steel Services |
| Bucks | 4,019 |
| Chester | 3,311 |
| Delaware | 16,969 |
| Lancaster | 17 |
| Montgomery | 13,000 |
| Total | 37,316 |

**Facility Relocation**

PECO avers that when PECO moves facilities at the direction of state, municipality or other governmental entity to construct a new road or to perform other construction, costs arise that are eligible for recovery under section 1351 and 1353. PECO will provide the estimated facility relocation cost for each year with PECO’s Annual Asset Optimization Plan. The locations of facilities to be relocated will depend on the directives of the municipality or other entities.

**Comments**

No comments were received regarding the location of eligible property.

**Resolution**

 Upon review of PECO’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**

**PECO Position**

In 2011, PECO initiated an accelerated gas infrastructure modernization program designed to increase its projected capital investment for replacing cast, wrought, and ductile iron mains and bare steel mains and services by $20 million per year, from approximately $14 million to approximately $34 million per year. PECO projected, based on reasonable estimates of unit costs, that an increase of this magnitude would enable it to replace all of its oldest, high risk cast iron mains and all of its bare steel services in approximately ten years and replace all of its cast iron and bare steel mains in approximately 34 years. LTIIP at 14.

Other factors PECO considered in establishing the $20 million increase were the ability to manage the significant increase in contractor forces required to handle the additional projects covered by PECO’s accelerated infrastructure replacement plan, the potential impact on customer rates of that acceleration, and the potential that DSIC-eligible projects in addition to those in the LTTIP could be undertaken. The $20 million increase enables the Company to achieve its goal of replacing the riskiest and oldest pipe material while keeping the potential rate impact reasonable. LTIIP at 15.

PECO prioritizes the replacement of specific mains within the bare steel category using the OptiMain software application, which analyzes leak history to determine how mains should be ranked for replacement. Baseline expenditures for PECO’s cast iron replacement program are prioritized by taking into account a number of considerations such as the location, size and operating pressure. LTIIP at 19.

**Table 4 – Annual Schedule, Quantity of Property to Be Removed and Annual Expenditures**



The mains and services comprising 14% of system mains (in length) but accounting for 86% of all leaks in PECO’s system are the focus of PECO’s LTIIP. The eligible property within each category of vulnerable material is being prioritized for replacement using risk assessment measures derived from PECO’s DIMP Plan, its cast iron main replacement protocols and the OptiMain program. Mains selected for replacement are being grouped by reasonable geographic designations to improve the efficiency of workforce and contractor deployment through the following:

* Reduced work scoping, engineering and design by aggregating individual main and service replacement efforts into larger centralized projects;
* Reduced mobilization and demobilization time associated with moving construction crews to different areas; and
* Reduced tie-in work, by replacing facilities in areas larger than city blocks.

PECO also anticipates minimizing costs through the prudent use of contractors for construction. PECO has made additional supervisors and foremen available to oversee contractors. The expanded inspector force will be used to inspect the increased scope of work under the LTIIP to assure that all work is done properly and cost-effectively. Audits of each project will be conducted through PECO’s Project Management and Finance groups or through monthly performance meetings to assure cost effectiveness, compliance with contract terms and high-quality work performance.

 To minimize street opening and closing costs, PECO will work closely with the Pennsylvania Department of Transportation, local municipalities, and local water and wastewater utilities to align its LTIIP work with construction that each of those entities is planning. PECO will also coordinate its electric and gas work where possible. LTIIP at 30.

 PECO provided a description of three potential LTIIP projects that may add additional annual expenditures. These projects include (1) meter relocation as may be required by Docket No. L-2009-2107155, (2) replacement of automated meter reading (AMR) modules with modules compatible with advanced metering infrastructure (AMI) meters and (3) potential pipeline redesignations by PHMSA that may result in enhanced inspection and documentation requirements and potential upgrades or replacements.

**Comments**

OCA submits that PECO should not use a geographic replacement approach to expand LTIIP projects in a way that reduces the cost-effectiveness of its risk assessment and prioritization approach. OCA comments at 9.

OCA states that certain additional information may be needed to properly evaluate whether PECO’s LTIIP meets all the requirements of Act 11 and the Final Implementation Order. OCA submits that PECO should provide additional information on the following issues: (1) results of risk assessments used to identify at-risk piping including PECO and external reports, (2) field performance data for cast iron mains and bare steel services, (3) clarification of leak data provided in Table 2 of PECO’s LTIIP, (4) for each year of the LTIIP, a breakdown of pipe replacement by size and type, (5) for each year of the LTIIP, leak histories of the projects identified for replacement, (6) leak rates per material type, (7) DOT 7100 reports for prior years, (8) risk analysis for the 10 year meter relocation project, and (9) additional information regarding the reclassification of mains as “transmission” facilities under PHMSA regulations.

In its comments, PAIEUG 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 reasonable and consistent with projections outlined in the LTIIP and limited to eligible assets. PAIEUG states that the Commission should conduct ongoing reviews of any method applied by PECO to measure cost-effectiveness and should ensure that the proposed improvements will maintain safe, reliable, and reasonable service. PAIEUG states that the Commission must ensure that only eligible equipment are included in the LTIIP and the DSIC.

Both OCA and PAIEUG commented on PECO’s potential LTIIP projects regarding meter relocation, replacing PECO’s current gas automated meter reader system with PECO owned modules compatible with advanced metering infrastructure and the potential redesignation and replacement of pipelines as required by PHMSA rules.

**Resolution**

In response to Commission Staff data request BTUS-1-5, requesting results of risk assessments for mains and services, PECO states that it created a risk model to meet the requirements of the DIMP Plan, specifically 49 CFR 192 Subpart P.

In response to Commission Staff data request BTUS-1-6, requesting separate field performance for cast iron main as well as bare steel service, PECO clarifies that 86% of system leaks are leaks on bare steel mains, bare steel services, cast iron mains, wrought iron mains and ductile iron mains. To further clarify, of those 86% of system leaks, 24% were on bare steel services and 16% were on cast iron mains.

In response to Commission Staff data request BTUS-1-7, regarding Table 2 of the LTTIP, PECO provides that these are leaks repaired in a given year (2011).

In response to Commission Staff data request BTUS-1-8 and BTUS-1-9, requesting a breakdown of pipe replacement by year and diameter and leak histories of projects, PECO asserts that main and service replacements are as detailed in Table 4 above. Mains selected for replacement under the baseline program are based on failures in the materials. Mains replaced under the baseline program have been predominantly bare steel and cast iron. Mains targeted as part of the accelerated program will be bare steel, cast iron, wrought iron or ductile iron. Projects may need to be scheduled to coordinate with PennDOT, local governments, SEPTA or other utilities. There may also be variability in the mileage for both baseline and accelerated programs due to uncertainty in costs. A more favorable cost may allow for more mileage or services replaced per program year.

In response to Commission Staff data request BTUS-1-10, regarding leak rates for mains and services, PECO provided the following information based on 2011 data:

**Service leak rates per 1000 services**

Bare steel – 28.33

Plastic services – 1.53

**Main leak rates (all diameters – per mile of main)**

Bare steel – 7.04

Wrought iron – 3.19

Ductile iron – 1.96

Cast iron – 1.03

Plastic – 0.02

The Commission has reviewed PAIEUG’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.

In any event, as stated in the Final Implementation Order, a Commission approved LTIIP is subject to periodic review, and 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.

In regards to the three potential LTIIP projects that PECO has described in the LTIIP – (1) meter relocation as may be required by pending decision in Docket No. L-2009-2107155, (2) replacement of PECO’s current AMR modules with AMI compatible equipment, and (3) pipeline replacement as a result of pending PHMSA rules, the Commission does not have enough information to approve these potential projects. As PECO did not provide any cost information on these projects, the Commission does not approve these projects as part of this LTIIP. PECO must submit cost information and project details for Commission approval to modify the LTIIP in the future to include these projects.

 Upon review of PECO’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 elements four and five of the Final Implementation Order of Act 11 have been fulfilled, except for the three projects noted above. The Commission acknowledges the level of detail contained within the LTIIP for items 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, except for the three projects noted above.

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

**PECO Position**

PECO will modernize all of the cast iron and bare steel mains in its gas system within approximately 34 years. This represents a significant acceleration over the 85-year replacement plan that existed prior to acceleration.LTIIP at 20.

All bare steel services will be modernized within 10 years versus the 22 year replacement period that existed prior to acceleration.

 Regarding how the repairs, improvements or replacements detailed in the LTIIP will maintain safe and reliable service, PECO asserts that its gas distribution system is safe and that its current monitoring, testing, operating, leak-response, odor-response and maintenance procedure ensure the safety of PECO’s gas customers and the public. LTIIP at 31.

 PECO relied on its current DIMP Plan, prepared pursuant to 49 CFR § 192.1107 and last updated on August 31, 2012, when it developed its main replacement program. PECO has focused its main and services replacement efforts on those material types that are responsible for 86% of system leaks. Replacing these mains and services is expected to significantly reduce leaks and the expenses incurred to respond to and repair leaks. LTIIP at 33.

 **Comments:**

 No comments were received regarding theaccelerated replacement and maintaining safe and reliable service.

 **Resolution**

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, for the manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service, have been fulfilled. PECO 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**

**PECO Position**

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.

PECO states that it will use outside contractors to perform much of the pipe and service-modernization work it is planning to undertake to implement its LTIIP. PECO requires anyone performing work on its gas distribution system to meet required standards and take all required training. Contractors will go through the same rigorous training that PECO employees who work on mains and services are required to complete.

PECO’s training program complies with the regulations for pipeline safety developed by PHMSA as set forth in 49 CFR Part 192 Subpart N, while also requiring additional training specific to PECO’s system. Contractor safety programs are reviewed by PECO’s Methods and Training Department to ensure they comply with PECO’s requirements and may call for further testing of contractors before they are eligible to work on PECO facilities. PECO’s Methods and Training Department monitors industry developments for more efficient and effective procedures to assure the long-term effectiveness of PECO’s training program. LTIIP at 35.

 **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 fulfilled.

1. **A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects**

**PECO Position**

 To minimize street opening and closing costs, PECO will work closely with the Pennsylvania Department of Transportation, local municipalities, and local water and wastewater utilities to align its LTIIP work with construction that each of those entities is planning. PECO will also coordinate its electric and gas work where possible. PECO’s new geographic information system (GIS) mapping will be used for the coordination efforts. PECO may need to alter construction timeframes for LTIIP work to allow the coordination of street openings with governmental entities and other utilities. LTIIP at 30.

 **Comments**

No comments were received regarding the coordination activities.

 **Resolution**

Upon review of the LTIIP, the Commission finds that the coordination activities requirements of the Final Implementation Order have been fulfilled.

**LTIIP SUMMARY**

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

**CONCLUSION**

Upon review, the Commission finds that PECO’s LTIIP and manner in which it was filed conforms to the requirements of Act 11 and our Final Implementation Order. Moreover, the Commission has reviewed the filing and finds it to be consistent with the applicable law or Commission policy; **THEREFORE,**

**IT IS ORDERED:**

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

2. That the Petition to Intervene filed by the International Brotherhood of Electrical Workers Local 614 is approved.

**BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: May 9, 2013

ORDER ENTERED: May 9, 2013

1. <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0011..HTM>. [↑](#footnote-ref-1)