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**People's Counsel**

June 16, 2023

Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 G Street, N.W., Suite 800  
Washington, D.C. 20005

**Re: Formal Case No. 1175, In the Matter of Washington Gas Light Company's  
Application for Approval of PROJECTpipes 3 Plan.**

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing in the above-referenced proceeding, please find the *Office of the People's Counsel for the District Of Columbia's Comments on Washington Gas Light's PROJECTpipes 3 Plan* in the above-captioned case.

If there are any questions regarding this matter, please contact me at 202.727.3071.

Sincerely,

/s/ Ankush Nayar

Ankush Nayar  
Assistant People's Counsel

Enclosure

cc: Parties of record

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA**

**In the Matter of** )  
 )  
**Washington Gas Light Company’s** ) **Formal Case No. 1175**  
**Application for Approval of** )  
**PROJECTpipes 3 Plan** )  
 )

**OFFICE OF THE PEOPLE’S COUNSEL FOR THE  
DISTRICT OF COLUMBIA’S COMMENTS ON  
WASHINGTON GAS LIGHT’S PROJECTPIPES 3 PLAN**

Pursuant to the Public Service Commission of the District of Columbia’s (“PSC” or “Commission”) Order No. 21613,<sup>1</sup> the Office of the People’s Counsel for the District of Columbia (“Office” or “OPC”), the statutory representative of the District of Columbia’s utility ratepayers and consumers,<sup>2</sup> hereby respectfully submits the *Office of the People’s Counsel Comments on the PROJECTpipes 3 Plan*. These comments pertain to the Application for Approval (“Application”) of the PROJECTpipes 3 Plan (“Pipes 3 Plan”), submitted by the Washington Gas Light Company (“WGL”) in the above-captioned proceeding.<sup>3</sup>

**I. INTRODUCTION**

The Pipes 3 Plan is a proposal for the third phase of WGL’s 40-year Revised Accelerated Pipe Replacement Plan (APRP), with the two prior phases approved earlier: The first was a five-year plan approved in 2014 (PIPES 1),<sup>4</sup> and the second phase was a three-year plan approved in

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<sup>1</sup> *Formal Case No. 1175, Washington Gas Light Company’s Application for Approval of PROJECTpipes 3 Plan (“Formal Case No. 1175”)*, Order No. 21613, rel. May 10, 2023.

<sup>2</sup> D.C. Code § 38-804 (Lexis 2023)

<sup>3</sup> *Formal Case No. 1175, Washington Gas Light Company’s Application for Approval of PROJECTpipes 3 Plan*, filed December 22, 2022 (“Application”).

<sup>4</sup> *Formal Case No. 1093, In the Matter of the Investigation into the Reasonableness of Washington Gas Light Company’s Existing Rates and Charges for Gas Service*, and *Formal Case No. 1115, In the Matter of Washington Gas Light Company’s Request for Approval of a Revised Accelerated Pipe Replacement Plan (“Formal Case No. 1115”)* Order No. No. 17431, rel. March 31, 2014.

2020 (“PIPES 2”).<sup>5</sup> Commonly referred to as PROJECT*pipes*, all three, though distinct, are structurally similar, with the central component being the APRP adjustment or PROJECT*pipes* surcharge. This funding mechanism allows the Company to obtain accelerated recovery for capital costs associated with proactively replacing aging and leak-prone infrastructure without the prudence review of a rate case. The objectives of PROJECT*pipes* include improving safety, reliability, and reducing fugitive methane emissions by prioritizing the replacement of WGL’s most leak-prone infrastructure, supplementing the Company’s normal leak management process.

However, WGL has been unable to keep up with the repair of *existing* leaks along its distribution system, leaving one to question whether it is in any position to continue receiving accelerated costs recovery for proactively replacing those pipes that merely have the *potential* to leak. Moreover, WGL’s uneven performance thus far in PROJECT*pipes*, advancements in technology beyond what has been used in PROJECT*pipes*, and the District of Columbia’s climate goals raise questions as to the efficacy of PROJECT*pipes* moving forward. Regardless, the PIPES 3 Plan, proposed as a five-year plan at a record cost of over \$671.8 million, is not in the public interest.

## **II. SUMMARY OF OPC’S COMMENTS**

OPC’s Comments focus on four recommendations at this stage in the proceeding. *First*, the Commission should reject the PIPES 3 Plan due to WGL’s inability to reduce leaks over the duration of PROJECT*pipes* appropriately. Recognizing the city’s climate goals, with its emphasis on renewable power, reduced greenhouse gas emissions, and becoming carbon neutral by 2045,<sup>6</sup>

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<sup>5</sup> Formal Case No. 1154, *In the Matter of Washington Gas Light Company’s Application for Approval of PROJECTpipes Plan 2* (“Formal Case No. 1154”), Order No. No. 20671, rel. December 11, 2020.

<sup>6</sup> D.C. Code § 8-1772.21 (b)(1)(C)(i) (2023)

pausing PROJECT*pipes* until there is further clarity on a path forward is prudent. Yet, despite the current circumstances, and its subpar performance, WGL is proposing its most expensive Plan under PROJECT*pipes*, dwarfing both PIPES 1 and PIPES 2, which were approved for far less.

The Plan should also be rejected as it is based on Optimain, an outdated probabilistic modeling software that was discontinued shortly after the PIPES 3 Application was submitted. WGL had to adopt a new risk ranking modeling program, JANA Lighthouse Integrity Management Platform (“JANA”), switching in March of this year.<sup>7</sup> This new software would be used to implement the PIPES 3 Plan, assisting with prioritizing projects. But it makes little sense to use one software program to create the Plan and then use an entirely new and unfamiliar program to implement it. A better alternative would be WGL submitting a new plan utilizing JANA, after several months of implementing the software, allowing it to troubleshoot any potential issues, and incorporate additional data. For reasons elaborated in further detail below, utilizing JANA to develop a revised plan could provide for better consistency and results, particularly as WGL avers that JANA is a more sophisticated modeling program.

*Second*, if the Commission instead decides to proceed forward with a third phase of PROJECT*pipes*, it must require WGL to modify the Pipes 3 Plan, scaling back costs and eliminating certain programs. The Commission should reject any program included in the Plan that revolves around “work compelled by others.” Namely, this includes Program 11 – Work Compelled by DC Plug and Program 10 – Work Compelled by Others.

Program 11 is particularly problematic. It proposes awarding the Company accelerated cost recovery for work in “close proximity”<sup>8</sup> to DC PLUG; however, DC PLUG is well under way, and there has been virtually no coordination with the Potomac Electric Power Company (Pepco)

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<sup>7</sup> Application at 14.

<sup>8</sup> Exhibit WG (C) (De Kramer) at 4:3-4.

and the District of Columbia’s Department of Transportation (DDOT). The \$240.5 million request constitutes the single largest program under the PIPES 3 Plan, but WGL is admittedly unsure about how many miles of cast-iron piping it would be able to replace, due in part to the lack of coordination.<sup>9</sup> At the same time, the Company suggests that it could replace 32 miles of cast-iron pipe within three to five years under the program.<sup>10</sup> This is, frankly, a pipe dream: At the time of filing its Application, the Company, in just under nine years, managed to replace 32 miles of cast-iron pipe in *all* of PROJECT*pipes*.<sup>11</sup> At this point, approval would simply delay DC PLUG. Additionally, it is unclear what metrics are used to determine whether replacement is necessary. Here, WGL’s new probabilistic software, JANA, could be used to help provide a more precise and specific assessment.

Similarly, Program 10 requests accelerated recovery for investments made by the Company in response to construction activities – namely the Capital Grid Project and DDOT’s Advance of Paving (AOP) program. But the Application does not make clear that this work is necessary. Nevertheless, the Company is seeking \$91.6 million over the next five years for this Program, significantly exceeding what was approved in PIPES 2.<sup>12</sup>

The Commission should also reject Program 9, the Advanced Leak Detection High Emitters (ALDHE) Program, in its current form. While the use of vehicle mounted ALD technology is a promising tool, the Commission has rejected awarding rate recovery for WGL’s unapproved use of satellite-based surveillance in PIPES 2,<sup>13</sup> and the Program does not directly help with pipe replacement.

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<sup>9</sup> Exhibit WG (A) (Jacas) at 18 n.22.

<sup>10</sup> Exhibit WG (F) (Adams) at 13:3-5.

<sup>11</sup> Application at 5.

<sup>12</sup> Exhibit WG (A) (Jacas) at 22:17-18.

<sup>13</sup> *Formal Case No. 1154*, Order No. 21580 ¶ 50, rel. March 10, 2023.

To help recover the full cost of the Program, WGL is proposing to expand the surcharge mechanism to include operations and maintenance expenses (O&M). This should be rejected along with any expansion of the kinds of costs recoverable under the surcharge mechanism. O&M costs are recoverable in a normal rate case and such an expansion of the surcharge is not justified.

*Fourth*, if the Commission declines to reject the Pipes 3 Plan at this juncture, it would be necessary to have an evidentiary proceeding prior to awarding any portion of the proposal. OPC advocates for a procedural schedule that provides an opportunity for a hearing and is structured so that all relevant information needed to evaluate PIPES 2, which runs through to the end of December 2023, is available to all intervenors. This includes scheduling discovery after the audit report in PIPES 2 is filed and after all bi-monthly reports documenting WGL's administration of the ALD Pilot are available. All reports will likely be available by the end of the year.

### **III. BACKGROUND**

#### **A. Overview of PIPES 1 And PIPES 2 and the Structure of PROJECTpipes.**

The Commission previously approved PIPES 1, the first five (5) years of WGL's proposed 40-year APRP, in Order No. 17431.<sup>14</sup> On December 7, 2018, WGL filed its "Application for Approval of PROJECTpipes Plan 2," with the Commission approving a modified version of this Plan – PIPES 2 – in Order No. 20671.<sup>15</sup> Among the modifications, PIPES 2 was scaled back from a five-year proposal to a three-year plan, spanning from January 1, 2021, through December 31, 2023.<sup>16</sup> It was also scaled back in terms of expenditure: WGL initially proposed a \$374 million plan with \$350.1 million dedicated to distribution-related programs and \$23.9 million on

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<sup>14</sup> *Formal Case 1093, In the Matter of the Investigation into the Reasonableness of Washington Gas Light Company's Existing Rates and Charges for Gas Service (Formal Case No. 1093) and Formal Case No. 1115, In the Matter of Washington Gas Light Company's Request for Approval of a Revised Accelerated Pipe Replacement Plan ("Formal Case No. 1115")*, Order No. No. 17431, ¶ 32, rel. March 31, 2014.

<sup>15</sup> *Formal Case No. 1154, In the Matter of Washington Gas Light Company's Application for Approval of PROJECTpipes Plan 2 ("Formal Case No. 1154")*, Order No. 20671 ¶ 1, rel. December 11, 2020.

<sup>16</sup> *Formal Case No. 1154*, Order No. 20671 ¶ 1.

transmission-related programs.<sup>17</sup> However, funding for the transmission portion of the proposal was flatly rejected by the Commission, which subsequently approved PIPES 2 for \$150 million.<sup>18</sup>

The proceedings under PROJECT*pipes* have shared a similar structure, first approved in PIPES 1 and later continued in PIPES 2. Under PROJECT*pipes*, WGL submits an annual proposal consisting of certain pipes it wishes to replace for the upcoming calendar year, which the Commission reviews.<sup>19</sup> The capital costs associated with approved projects can be recovered through the APRP surcharge, which is billed monthly to ratepayers and thus allows for accelerated cost recovery for those projects.<sup>20</sup> All projects eligible for the surcharge recovery must meet at a minimum of four criteria:

(1) The project is started on or after June 1, 2014; (2) The project assets are not included in WGL's rate base in its most recent rate case; (3) The project does not increase revenues by directly connecting the infrastructure replacement to new customers; and (4) The project is needed to reduce risk and enhance safety by replacing aging corroded or leaking cast-iron mains, bare and/or unprotected steel mains and services; and black plastic services in the distribution system."<sup>21</sup>

The approved plans in both PIPES 1 and PIPES 2 have consisted of different programs dedicated to replacing pipes made of certain materials believed to be at greater risk for leaks, such as those mentioned above under Criteria 4. WGL prioritizes and selects pipes for replacement based on a risk assessment it performs. Historically, it has relied on a probabilistic risk modeling software, Optimain, to assist in this.<sup>22</sup> The amount that can be recovered yearly through the

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<sup>17</sup> *Id.* at ¶¶ 14, 35.

<sup>18</sup> *Id.* at ¶ 1.

<sup>19</sup> *Id.* at ¶ 103.

<sup>20</sup> *Id.* at ¶93; *see also Formal Case No. 1115*, Order No. 17789 ¶ 16.

<sup>21</sup> *Formal Case 1154*, Order No. 20671 at ¶ 16 (citing *Formal Case No. 1093* and *Formal Case No. 1115*, Order No. 17431 ¶ 68).

<sup>22</sup> *Formal Case No. 1115*, Order No. 17789 ¶ 20; *Formal Case No. 1154*, Order No. 20671 ¶ 81.

surcharge can vary, including by Program. There is also a reconciliation process that has been included in PROJECT*pipes* to account for any over or under-collection.<sup>23</sup>

Both PIPES 1 and PIPES 2 also provided for an independent audit to assess WGL's effectiveness in implementing PROJECT*pipes*.<sup>24</sup> WGL's substandard performance revealed in the PIPES 1 Liberty Management Audit was one of the reasons PIPES 2 was implemented as a shorter three-year plan.<sup>25</sup> It was filed on April 19, 2019, covering the first four years of the Program.<sup>26</sup> The audit in PIPES 2 has yet to be completed; however, a firm, Continuum Capital, was selected by the Commission on May 17, 2023.<sup>27</sup> The audit will review the first two years of PIPES 2 up to December 31, 2022.<sup>28</sup> There is no precise date for the audit's completion, but the Commission directed the audit to be complete within six months of the auditor's selection, which would be by mid-November 2023.<sup>29</sup>

**B. Procedural History of Formal Case No. 1175 and the Application for the PIPES 3 Plan.**

On December 22, 2022, WGL submitted its PIPES 3 Plan with the Commission and requested approval for recovering costs associated with the Plan through the APRP or PROJECT*pipes* surcharge mechanism.<sup>30</sup> On January 20, 2023, the Commission issued a Public Notice inviting interested parties to provide comments on February 21, 2023, with reply comments due on March 8, 2023.<sup>31</sup>

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<sup>23</sup> *Formal Case No. 1154*, Order No. 20671 ¶¶ 15, 102.

<sup>24</sup> *Formal Case No. 1115*, Order No. 17789 ¶¶ 72-73; *Formal Case No. 1154*, Order No. 20671 ¶ 123

<sup>25</sup> Order No. 20671 ¶¶ 25, 35.

<sup>26</sup> *Id.* at ¶¶ 4, 19.

<sup>27</sup> Order No. 21620 ¶ 5.

<sup>28</sup> *Id.* at ¶ 37.

<sup>29</sup> *Id.* at ¶ 3.

<sup>30</sup> PIPES 3 Plan at 1-2.

<sup>31</sup> *Formal Case No. 1175*, Public Notice, ¶ 5, January 20, 2023.



On February 2, 2023, OPC filed a "Motion for Enlargement of Time," citing that it needed time to procure a consultant.<sup>32</sup> The Commission subsequently granted this motion in part, extending the deadline to file Comments to May 2, 2023.<sup>33</sup> On April 27, 2023, OPC filed a second motion requesting an enlargement of time to file comments, noting it was working with other parties to submit a joint procedural schedule.<sup>34</sup> OPC also noted that there were outstanding issues in Formal Case No. 1154 relevant to reviewing the Pipes 3 Plan, as well as recent changes in WGL's probabilistic risk-assessment software, which would be used to implement the Pipes 3 Plan.<sup>35</sup> The motion was supported by the District of Columbia Government (DCG), Apartment and Office Building Association of Metropolitan Washington (AOBA), the Sierra Club, and DC Climate Action.<sup>36</sup> The Commission granted this motion, extending the deadline to file comments until June 16, 2023.

### **C. The PIPES 3 Plan Proposal.**

The Pipes 3 Plan seeks, at a minimum, recovery of \$671.8 million over five years through the PROJECT*pipes* surcharge mechanism, *i.e.*, the APRP Adjustment. As proposed, the Plan allows WGL to file an amendment and seek additional funding for Programs 10 and 11 in 2026.<sup>37</sup> It would be a five-year plan, spanning from January 2024 through December 1, 2028, divided into eight different programs:

1. Program 1 – Bare and/or Unprotected Wrapped Steel Service Replacements
2. Program 2 – Bare and/or Unprotected Wrapped Steel Main Replacements (including contingent Main and Affected Services)

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<sup>32</sup> *Formal Case No. 1175*, OPC Motion for Enlargement of Time, filed February 1, 2023.

<sup>33</sup> *Formal Case No. 1175*, Formal Order No. 21573, rel. February 17, 2023.

<sup>34</sup> *Formal Case No. 1175*, OPC's Second Motion for Enlargement of Time, p. 5, filed April 27, 2023.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> Exhibit WG (A) (Jacas) at 17:11-18.

3. Program 3 – Vintage Mechanically Coupled Wrapped Steel Services and Main  
(including Contingent Main and Affected Services)
4. Program 4 – Cast Iron Main Replacements (including Contingent Main and Affected Services)
5. Program 5 – Copper Services
6. Program 9 – Advanced Leak Detection – High Emmitter
7. Program 10 – Work Compelled by Others
8. Program 11 – Work Compelled by DC Plug<sup>38</sup>

WGL is discontinuing the use of Optimain in favor of a new probabilistic computer module known as JANA. WGL argues that JANA is a more sophisticated program than Optimain, which it could no longer use due to being discontinued by Optimain’s operator, Urbint.<sup>39</sup> Nevertheless, the Pipes 3 Plan was developed under the Optimain system. It was not until March 2023 that WGL began receiving output from JANA.<sup>40</sup>

Additionally, unlike prior PROJECT*pipes* proceedings, the Pipes 3 Plan expands the costs recoverable under the surcharge to include operations and maintenance expenses (O&M).<sup>41</sup> The specific items included under O&M expenses are unclear; however, WGL intends to include expenses from administering Program 9 – Advanced Leak Detection High Emitter (ADLHE), including repairs to pipes as opposed to replacement.<sup>42</sup>

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<sup>38</sup> Application at 7.

<sup>39</sup> *Id.* at 13.

<sup>40</sup> Exhibit WG (B) (Stuber) at 16: 16-18.

<sup>41</sup> Exhibit WG (E) (Lawson) at 4: 9-13.

<sup>42</sup> *Id.*

## **D. Outstanding Issues From Related Proceedings.**

### *1. The ALD Pilot.*

Parties are awaiting bi-monthly reports from the ALD Pilot approved in PIPES 2 regarding the deployment of vehicle-mounted ALD in the District. The Pilot was supposed to explore the use of vehicle-mounted ALD technology to improve leak detection along WGL's infrastructure; however, WGL unilaterally changed the structure of the Pilot, selecting a satellite-based surveillance technology operated by Satelytics.<sup>43</sup> Unlike other programs in PIPES 2, the ALD Pilot was not eligible for surcharge recovery; however, WGL was permitted to create a regulatory asset and pursue recovery for the Program in its next rate case.<sup>44</sup> Pursuant to Order No. 21580, the Commission affirmed that by switching to Satelytics, WGL had not properly administered the ALD Pilot, and satellite technology was not rate recoverable.<sup>45</sup>

The Commission noted that the DCG had mapped WGL's distribution system during the same time as the ALD Pilot, using vehicle-mounted ALD.<sup>46</sup> Accordingly, the Commission directed WGL to hire a vehicle-mounted ALD vendor and confirm and assess the findings of the DCG survey.<sup>47</sup> WGL was required to submit a plan describing the selection of a vehicle-mounted ALD vendor and how the ALD technology would be deployed.<sup>48</sup> It was to submit bi-monthly progress reports for the remainder of the Pilot.

WGL requested an extension of time to select a vendor, which was subsequently granted.<sup>49</sup> It submitted its first bi-monthly report on June 12, 2023, selecting Picarro and ABB as

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<sup>43</sup> *Formal Case No. 1154*, Order No. 21580 ¶ 50, rel. March 10, 2023.

<sup>44</sup> *Formal Case No. 1154*, Order No. 20671 ¶ 67.

<sup>45</sup> *Formal Case No. 1154*, Order No. 21580 ¶ 50.

<sup>46</sup> *Id.* at ¶ 51.

<sup>47</sup> *Id.*

<sup>48</sup> *Id.*

<sup>49</sup> *Formal Case No. 1154*, Order No. 21604 ¶ 4, rel. April 27, 2023.

the vendors for the remainder of the Pilot.<sup>50</sup> The vendors have begun to survey the District of Columbia, and WGL noted in the bi-monthly report that the use of ALD technology has revealed a higher number of leaks than the normal leak surveys it had previously performed.<sup>51</sup>

*2. DC Plug and Needed Coordination.*

The most significant portion of the PIPES 3 Plan is Program 11, reserved for work compelled by DC PLUG, with a requested budget of \$240.5 million. DC PLUG is a project authorized by statute in which certain electric power lines and ancillary facilities are moved underground through a public-private partnership between the District Department of Transportation (DDOT) and Pepco.<sup>52</sup> WGL maintains that construction from DC PLUG may damage WGL's pipelines – particularly those made of cast iron.<sup>53</sup> Purportedly, this would primarily be due to ground movement and increased load pressure from excavation work and the use of machinery.<sup>54</sup> The third biennial plan implementing DC PLUG was approved on January 27, 2022.<sup>55</sup> A review of the docket reveals that WGL submitted no comments either before or after Order No. 21105, approving the DC PLUG Application.

WGL has maintained that it wishes to preempt DC Plug and replace pipes “in close proximity” to DC Plug construction.<sup>56</sup> However, the Company remains uncertain about how much pipe it would be able to replace due to its lack of knowledge of Pepco’s construction schedule.

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<sup>50</sup> *Formal Case No. 1154*, Washington Gas Light Company’s Bi-monthly Report, p. 2, filed June 12, 2023.

<sup>51</sup> *Id.* at 1.

<sup>52</sup> *Formal Case No. 1168, In The Matter of The Applications for Approval of Biennial Underground Infrastructure Improvement Projects Plans And Financing Order (“Formal Case No. 1168”)*, Order No. 21105 ¶ 2, rel. January 27, 2022.

<sup>53</sup> Exhibit WG (C) (Kramer) at 3:20-24.

<sup>54</sup> *Id.* at 9:4-13.

<sup>55</sup> *Formal Case No. 1168*, Order 21105 ¶ 2.

<sup>56</sup> *Formal Case No. 1168*, Meeting Minutes, p. 1, filed May 30, 2023.

Simultaneously, the Application includes claims that the Company will replace 32 miles of cast-iron pipe under Program 11.<sup>57</sup>

A technical conference was recently held on coordination efforts to address this issue on May 18, 2023, followed by another meeting on May 22, 2023.<sup>58</sup> The technical conference discussed guidelines to determine if replacement activity is necessary and whether it would be feasible to delay construction; there remained disagreement on whether DC Plug construction would even affect WGL's infrastructure.<sup>59</sup> To date, there has been no reported damage to any pipe resulting from DC Plug construction. Discussion at the conference was strictly limited to Formal Case No. 1168, excluding consideration of the PIPES 3 Plan and the APRP surcharge.

#### **IV. DISCUSSION**

##### **A. The PIPES 3 Plan Must Be Rejected At This Time And PROJECT*pipes* Should Be Paused, Or, In The Alternative, WGL Should Resubmit The Plan Using Its New Probabilistic Software.**

- 1. The PIPES 3 Plan should be rejected as WGL has failed to reduce hazardous leaks and repair such leaks in a timely fashion.*

PROJECT*pipes* is not successfully addressing the most leak-prone infrastructure, nor preventing leaks before they happen. For this reason, the PIPES 3 Plan, which seeks an unprecedented expansion of funding must be rejected.

Specifically, over the course of the past eight years, dating back from 2016 to 2022, implementing PROJECT*pipes* has not resulted in a decrease in Grade 1 Leaks, which constitute the most hazardous leaks. Given that the goal of PROJECT*pipes* is to address the most leak-prone infrastructure and proactively replace these pipes, the number of Grade 1 Leaks need to be decreasing – not increasing.

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<sup>57</sup> See *supra* p. 4 and notes 10-11.

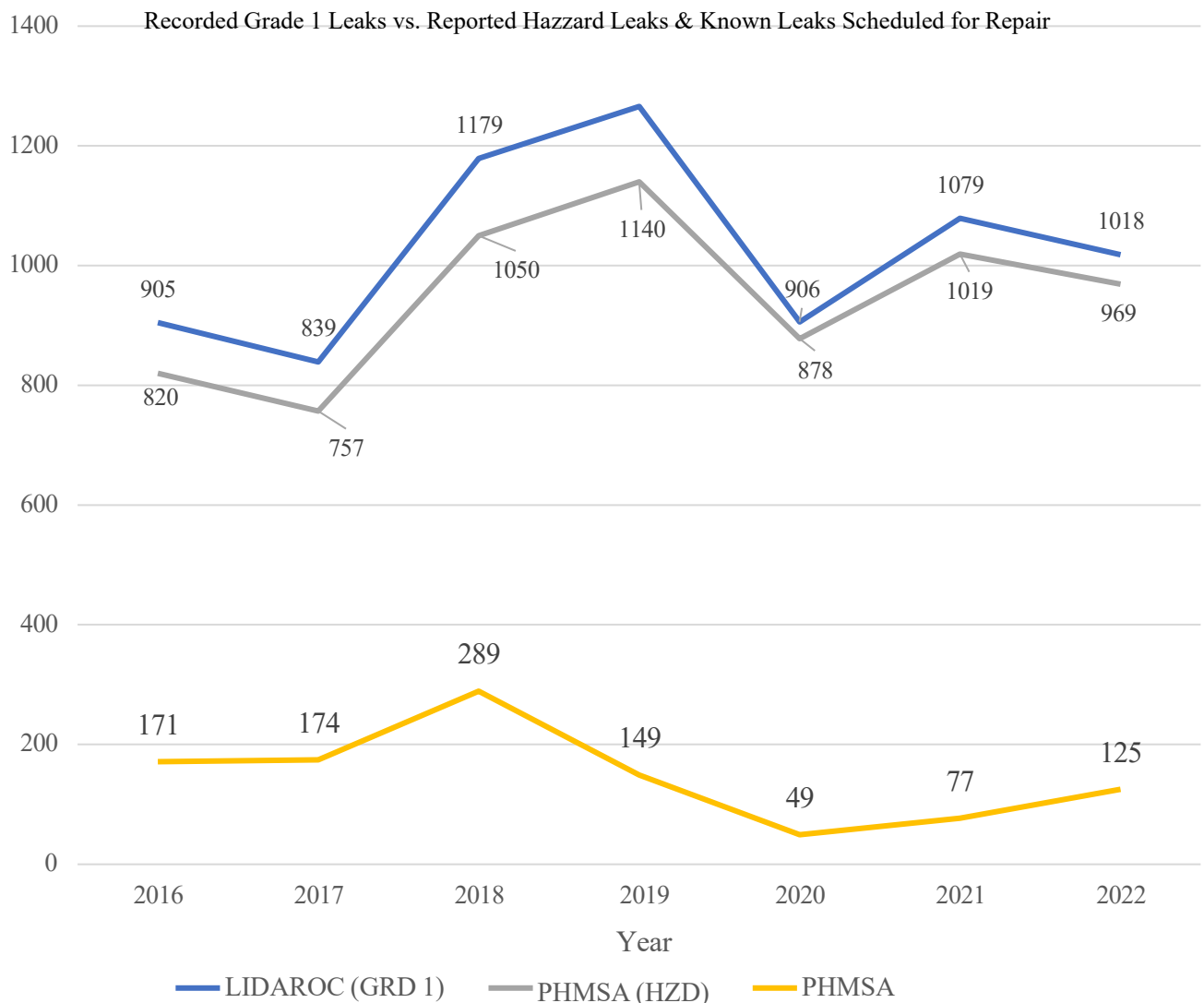
<sup>58</sup> *Id.* at 2.

<sup>59</sup> *Id.* at 1.

The US Department of Transportation (DOT) tracks gas utility reports in two documents: *Pipeline and Hazardous Materials Safety Administration (Form F7100.1-1)* and *Leak Identification, Detection and Repair, and Odor Complaints*. These reports track the number of leaks recorded by WGL and the number repaired each year. Data is also kept on the number of “known” leaks that a utility cannot repair within the year and are rolled over into the following year.

Based on these reports, the graph on the following page shows that the repairs WGL has to perform for Grade 1 Leaks have increased; additionally, the Company is unable to address them promptly, with repairs pushed into the following year.

## PHMSA & LIDAROC Report Analysis



As the graph shows, in 2016, approximately two years after PIPES 1 was approved, the number of Grade 1 leaks reported and recorded (i.e., repaired) was 905 and 820, respectively. There were 171 Grade 1 leaks that were not repaired within that year. While there was a decrease in the number of leaks identified and repaired in 2017, the number soon spiked back up and has never dropped below the initial 2016 levels. There was a sharp decrease in 2019 of reported leaks, with a corresponding decrease in overall Grade 1 leaks that were repaired. Nevertheless, these

numbers were still higher than those in 2016. The decrease was also likely due to COVID-19. The quarantine resulted in people remaining indoors and this likely led to fewer gas leaks being reporting. Since that time, the number of reported leaks has continued to climb.

As of 2022, the number of leaks reported was 1,018 with WGL managing to repair only 969 of them in that year. Over the span of eight years, PROJECT*pipes* has failed to bring down the number of leaks that are the most dangerous and release the most methane into the atmosphere – frustrating hopes of achieving the District’s climate goals in the process. While there was a slight improvement from 2021, the overall numbers are still well above where the District of Columbia was when PIPES 1 was first implemented.

Additionally, the number of repairs that have been rolled over into the next year, indicated by the orange line (PHMSA KNOWN) has been increasing over the last three years. In 2020, this number was 49, then 77 in 2021, and was last recorded at 125 in 2022. These years overlap with PIPES 2.

The numbers show that PROJECT*pipes* is trending in the wrong direction, failing to identify the leakiest pipes appropriately. It also indicates that instead of diverting resources to wholesale replacement of pipes, the Company should focus on addressing Grade 1 leaks in a timely manner. If proactively replacing the most leak-prone pipes were a successful endeavor, then over the course of nearly a decade, there would be a decrease in the number of necessary repairs for hazardous leaks. As this is not the case, there is little credibility in a proposal that is over four times the budget approved in the preceding PROJECT*pipes* case. Increasing resources, through a surcharge, towards an initiative that has not produced clear results is not prudent. Instead, WGL should be required to show that it can manage its normal leak management process and be



responsive to addressing hazardous leaks before receiving more funding for another phase of PROJECTpipes. Until then, it is best to pause PROJECTpipes.

2. *PROJECTpipes should be paused until there is further clarity regarding the District of Columbia's climate goals.*

In considering PROJECTpipes, the Commission must weigh the shift in the District of Columbia's climate goals. There remain questions as to how the city will reach its climate goals, with no final decision in Formal Case No. 1167 that could outline a path forward.<sup>60</sup> However, there is a clear push towards electrification. This means natural gas service will constitute a smaller share of the market. Yet, WGL is requesting the costliest plan ever proposed under PROJECTpipes. At the same time, new technologies such as vehicle-mounted ALD+ can allow for more targeted repair or replacement under normal leak management, which would contribute to a greater reduction in emissions.

Accordingly, the Commission should consider resolving the questions raised in Formal Case No. 1167 before approving any Project Pipes 3 Plan. At a minimum, the Commission should once again limit the Plan to three years or less, given the uncertainties. When reviewing the Application, the Commission must consider not only reliability and safety but also the reduction in greenhouse gas emissions created by fugitive methane leaks. Because this Plan does not correlate expenditures with any metric demonstrating a clear reduction in emissions, it should not be approved.

3. *If the PIPES 3 Plan is not rejected and PROJECTpipes is not paused, the Commission should require WGL to Resubmit its Plan.*

Alternatively, if the PIPES 3 Plan is not rejected and PROJECTpipes is not paused, the current PIPES 3 Plan should be resubmitted using its new probabilistic modeling software, JANA.

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<sup>60</sup> See Formal Case No. 1167, In the Matter of the Implementation of the Climate Business Plan ("Formal Case No. 1167"), Order No. 20662, rel. November 18, 2020.

The PIPES 3 Plan is arguably more troublesome than any iteration that came before it, as there is less clarity regarding how prioritization of projects will work. WGL's prioritization thus far leaves much to be desired, evidenced with the increase in Grade 1 leaks over the duration of PROJECT*pipes*. But this proposal provides an even more muddled plan for prioritization than before. Accordingly, if the Commission does not pause PROJECT*pipes*, the Company should be required to at least resubmit the PIPES 3 Plan proposal using the new JANA software.

It makes little sense to use Optimain to develop a plan and then switch and utilize an entirely different software to implement it. There must be time to troubleshoot the software and incorporate it into the overall leak management process. The problem is compounded by the structure of the PIPES 3 Plan. Over half of the requested \$671.8 million is reserved for Programs 10 and 11, which fit into the category of “work compelled by others.” PROJECT*pipes* is supposed to implement the APRP – a forty-year plan. This long-range Plan appears to have devolved into a short-term plan focused on receiving accelerated cost recovery due to nearby construction. But no evidence, proof, or standards indicate that cast-iron pipes within an unspecified distance to certain construction activities are at any heightened risk and need to be prioritized.

While Programs 10 and 11 were not developed using Optimain or any probabilistic model, JANA may be able to incorporate the effect of nearby construction on cast iron pipes.<sup>61</sup> Regardless, the Plan should be resubmitted using more accurate modeling software. Additionally, JANA could potentially incorporate data from the ALD leak survey that is required under the ALD Pilot. This can provide further accuracy as to the impact of nearby construction on cast iron pipes and the appropriate pipes to be replaced.

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<sup>61</sup> This assertion was made by WGL during the technical conference held on May 18, 2023.

The Commission should endorse using the best practices to identify and replace leak-prone infrastructure. The PIPES 3 Plan was developed using Optimain’s outdated modeling software. WGL did not choose to switch from Optimain, it was forced to. Now that this switch has occurred, DC residents deserve to have a revised plan that better predicts where the most vulnerable infrastructure is. For this reason, at the very least, WGL should resubmit the PIPES 3 Plan, considering information from the ALD Pilot and data collected since March of 2023 when JANA was adopted.

**B. If WGL Is Not Required To Resubmit Its Plan, Then Programs 11, 10, And 9 Should Be Excluded And An Expansion Of The PROJECTpipes Surcharge Should Be Rejected.**

If the Commission chooses to proceed with this case without pausing PROJECTpipes, rejecting the PIPES 3 Plan, or requiring resubmission of the PIPES 3 Plan, OPC recommends against approving three programs – Programs 11, 10, and 9. Additionally, OPC opposes any expansion of costs recoverable under the PROJECTpipes surcharge.

*1. Program 11 is untenable and inconsistent with PROJECTpipes.*

Program 11 should be rejected as proposed because there is an overall lack of clarity and uncertainty surrounding the program. Logistical problems are already apparent, and implementation would unnecessarily delay DC PLUG construction. Ultimately, Program 11 is inconsistent with prior plans approved under PROJECTpipes and seeks to modify prior decisions in Formal Case No. 1168.

WGL’s uncertainty over DC PLUG’s construction schedule and lack of coordination with Pepco and DDOT means there is no clarity as to the number of miles that would be replaced under the most expensive program in the PIPES 3 Plan. The Company provides conflicting information, stating in one portion of the Application that it will replace 32 miles of pipe, while stating in

another section that it cannot provide a reliable figure because it lacks the requisite knowledge of Pepco's construction activities. WGL has sent letters to Pepco and DDOT but there has not been coordination related to the sequencing and timing of the DC PLUG feeder work. A belated technical conference and follow-up meeting were held only recently, yielding no resolution to the logistics of implementing Program 11 in conjunction with DC Plug.

A major impediment is WGL's desire to halt DC PLUG construction and replace cast-iron pipeline in "close proximity" to DC PLUG; however, it is not clear what "close proximity" means. This could mean delaying DC PLUG construction on any street under the pretext that cast iron piping in the ground, no matter how far the pipe may be from the actual construction activity. No specific engineering standards or guidelines in the Pipes 3 Plan indicate that DC PLUG construction would have any effect on WGL's infrastructure. The ambiguity surrounding the term "close proximity" makes it unclear which specific pipes are purportedly at risk. It follows that there are no factors or risk analysis performed demonstrating these pipes are at a higher risk of leakage and need to be prioritized for replacement. To provide a blank check – or one for \$240.5 million – for WGL to replace any pipe it deems "high risk" or within "close proximity" to DC PLUG construction, through the APRP surcharge, without any supporting evidence or standards is counter to the very structure and purpose of PROJECT*pipes*.

Construction occurs throughout the District of Columbia. Yet, WGL provides no methodology indicating that DC PLUG construction presents unique risks to WGL's infrastructure. Optimain did not consider excavation work in its modelling, and it is still not clear whether JANA can. If the probabilistic model cannot perform a risk analysis, and there are no specific criteria or engineering standards justifying prioritization, then there is insufficient evidence to show that work compelled by DC PLUG is actually *compelled*.

Finally, these issues should have been raised in 2022 during the comment period in Formal Case No. 1168. By raising them here, and trying to receive authorization for surcharge recovery, WGL is effectively trying to circumvent the DC PLUG proceeding and modify the Commission's Order No. 21105, approving the biennial plan for DC PLUG. Implementing DC PLUG's Third Biennial Plan is already underway and WGL has not provided a construction schedule, though it desires to preempt DC PLUG construction creating uncertainty in Formal Case 1168.

Moving forward, any technical conferences undertaken between the parties in DC Plug should be held jointly in this proceeding as well to promote transparency.

*2. Program 10 needs to be excluded or significantly scaled back.*

For the reasons mentioned above, it would not be prudent to expand Program 10. While WGL will argue that this Program was approved in the past, this iteration is different and so are the circumstances. Program 10 has a proposed budget of \$91.6 million, which far exceeds the annual and total amounts approved in PIPES 2, with caps of \$12.5 million for each year between 2021-2023 and \$17.5 million for year 2023-2024 for a total of \$42.5 million. There is no reason justifying such an expansion as there are no results that warrant it.

The PIPES 3 Application remains silent on what criteria is used to determine if the work allegedly compelled is truly necessary, and there are no specifics as to actual construction schedules or coordination efforts. OPC reiterated in PIPES 2 that Program 10 should be excluded. It argued then that crews involved in normal maintenance and repair would be diverted.<sup>62</sup> Given the inability of the Company to keep up with repairs, this assessment unfortunately seems correct. Accordingly, the Commission should exclude Program 10, or at the very least, significantly scale it back.

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<sup>62</sup> *Formal Case No. 1154*, Order No. 20671 ¶ 69.

3. *Program 9 - ALDHE should be excluded from the PIPES 3 Plan as it does not fit within PROJECTpipes.*

The ALDHE Program should be excluded as proposed because it relies on satellite-based technology that was only recently determined to be unproven and not eligible for rate recovery and because Program 9 appears incongruent with PROJECTpipes. Pursuant to Order No. 21580, the Commission affirmed that by switching to Satelytics, WGL had not properly administered the ALD Pilot, and the use of satellite technology was not compliant with Pilot. The Commission also denied recovery for costs under the Pilot associated with use of satellite-based technology, noting that the original Pilot granted WGL the opportunity to recover costs that would utilize “proven ALD technology of vehicle-mounted sensors.”<sup>63</sup> The Commission found that WGL was instead trying to have ratepayers fund the “research and development” of unproven technology, which had never successfully been used in an urban environment.

Accordingly, this technology provides no value-added to the leak detection process or the use of traditional ALD+ technology utilizing vehicle-mounted sensors. Nevertheless, WGL continues to try and receive rate recovery. The Commission should follow its own precedent, decided only three months ago, and preclude satellite-based technology from PIPES 3 Plan.

While OPC values the promise of ALD Technology, namely vehicle-mounted ALD technology, the proposed Program 9 in the PIPES 3 Plan does not appear to be aligned with proactive replacement based on WGL’s own assertions. WGL states in its Application that the use of ALD technology in the ALD Pilot did not meet the original intent of the Pilot, which was to determine if ALD technology could “further prioritize replacement assets where applicable.”<sup>64</sup>

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<sup>63</sup> *Formal Case No. 1154*, Order No. 21580 ¶ 50.

<sup>64</sup> Testimony of Hays at 3:20-22.

The reason for this, WGL argues, is that once a leak is identified using ALD technology and subsequently confirmed "on a Commission-approved PIPES 2 replacement asset by a qualified technician, the leak will be repaired under the normal Leak Management process."<sup>65</sup> The structure of PROJECT*pipes*, however, requires that a general list of assets to potentially be replaced be submitted well ahead of time for each year.

But this then begs the question as to how Program 9, modeled after the ALD Pilot, fits appropriately into PROJECT*pipes*. The testimony of Witness Hayes certainly does not answer this question. There is no reason WGL should be entitled to the PROJECT*pipes* surcharge recovery for a program that ostensibly has nothing to do with proactively replacing leak-prone pipes. Based on WGL's own description, the Program appears more in line with the Company's normal leak management process. Accordingly, Program 9, as proposed, should be excluded.

*4. There should be no expansion of the PROJECTpipes surcharge.*

The Commission should reject altering the central component of PROJECT*pipes* – the APRP adjustment or PROJECT*pipes* surcharge. For example, WGL would like to expand costs recoverable under the surcharge to include O&M expenses. Thus far PROJECT*pipes* is struggling to provide results, highlighting that expansion of the surcharge is unwarranted. Moreover, O&M charges are appropriately recoverable in an ordinary rate case. It makes little sense to expand cost recovery here. It appears the need for O&M expenses stem largely from the inclusion of Program 9, but as discussed above Program 9 should not be approved as part any PIPES 3 Plan. Accordingly, expansion of the surcharge must be rejected.

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<sup>65</sup> *Id.* at 4:3-5.

**C. Any Procedural Schedule Should Be Structured So That All Relevant Information From PIPES 2 Is Available.**

Should the Commission move forward and consider the PIPES 3 Plan, an evidentiary proceeding is necessary. WGL concurs and has provided its own procedural schedule. For such a proceeding to be meaningful, intervenors must have relevant information pertaining to PIPES 2, including a completed audit report and bi-monthly reports pertaining to the administration of the ALD Pilot. Accordingly, OPC worked with DCG, AOBA, Sierra Club, and DC Climate Action in developing the following schedule, which it submits with their support:

<b>Proposed Schedule</b>		
<b>Event</b>	<b>Hypothetical Date</b>	<b>Days</b>
Audit Report Received	1/1/2024	
		60 days
Supplemental Testimony/Discovery Begins	3/1/2024	
		60 days
OPC Direct Testimony/Everyone's Testimony	4/30/2024	
		45 days
Rebuttal Testimony for all parties	6/14/2024	
		14 days
Public Hearing	6/28/2024	
		16 days
Surrebuttal Testimony	7/14/2024	
<i>Settlement and Stipulation Conference</i>	<i>Exact Date TBD by the Parties</i>	12 days
Public Hearings	7/26/2024	
		3 days
Discovery Ends/Settlement Report	7/29/2024	
		2 days
Prehearing Status Conference	7/31/2024	
		16 days
Hearings if needed/Start	8/16/2024	
		4 days
Hearings if needed/End date	8/20/2024	
		21 days
Briefs Due	9/10/2024	
Total Days		253 days from audit report



This proposal allows parties adequate time to evaluate PIPES 2, while conserving judicial resources. Though the schedule presents January 1, 2024, as the start date, this date could be pushed up if the audit report is submitted earlier. This proposal is based largely on what was approved in PIPES 2.

The proposed procedural schedule that OPC is submitting is contingent on formal discovery beginning and testimony submitted after the issuance of the audit report in Formal Case No. 1154. The availability of an audit is consistent with the prior proceeding in PIPES 2. It would be a waste of judicial resources and time to begin discovery and submit testimony only to have the audit report issued and have parties pause and resubmit discovery requests and testimony. Similarly, rushing and not properly contemplating the lessons learned from the audit in PIPES 2, as WGL is pushing for in its proposed schedule, would make it difficult for the Commission to make an informed decision on the Project Pipes 3 Plan. The Commission has noted that it would like to begin proceedings before the close of the year in this case. OPC's proposal<sup>66</sup> could allow for this provided that the audit report be complete and filed before the end of the year. This appears possible since this will likely take no more than six months.

Additionally, the parties should have access to WGL's bi-monthly reports per Order No. 21580 on the ALD Pilot. Order No. 21580 requires that these reports contain the following information:

- (1) A summary of the background and proven experience of the vehicle-mounted vendor selected, along with the reasons for selecting the specific vendor, how the vehicle-mounted systems will be deployed in the District, and the make and model of the equipment used;
- (2) An updated and detailed schedule and summary of milestones, along with status updates on the progress of the ALD program;
- (3) A map of the areas surveyed;

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<sup>66</sup> The schedule can also be referred to as the Joint Proposed Schedule.

(4) A spreadsheet containing the date, location of each DCG emissions point or any other leak discovered, longitude, latitude, wind speed, wind direction, size of the area searched around the emission point (not less than 100 ft radius), whether the emission was confirmed, concentration, estimated flow rate (units of mass/ time), leak grade, and any action taken;

(5) The impact of the ALD Program 9 on the implementation of Programs 1-4; and

(6) A list of the leaks found by DCG that WGL has already discovered and/or repaired as a part of the Company's normal leak survey and repair protocol during 2021 and 2022 (including the date the leak was confirmed, latitude, longitude, grade, and action taken).<sup>67</sup>

These requirements, particularly paragraphs 2-6, are important in assessing not only the implementation of ALD technology but also in assessing WGL's infrastructure as a whole and whether changes need to be considered in *PROJECTpipes*. For example, it is essential to consider the results of the Pilot's ALD survey on the implementation of other programs. Early data from the ALD survey contained in the first bi-monthly report indicates a greater number of leaks than previous WGL surveys. Recognizing that WGL has changed its predictive modeling software to JANA, the information obtained through the ALD Pilot will also inform the JANA predictive model for the remainder of the year.

As DOEE noted in its Comments, the number of leaks identified through an earlier ALD survey of the city also showed a significantly higher number of leaks than that being reported by WGL.<sup>68</sup> Accurate data is highly relevant in assessing whether *PROJECTpipes* is succeeding in making the distribution system safer. Therefore, it is imperative that the ALD Pilot be administered appropriately, following the guidelines of Order No. 21580. The bi-monthly reports will help provide a complete picture and inform how ALD technology should be incorporated if Program 9 is to be considered for inclusion.

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<sup>67</sup> Order No. 21580 ¶ 14.

<sup>68</sup> *Formal Case No. 1175*, DOEE Initial Comments on Washington Gas Light Company's ProjectPipes 3 Application, p. 10-11, filed May 2, 2023.

V. **CONCLUSION**

**WHEREFORE**, for the foregoing reasons, OPC requests that the Commission accept the recommendations and requests made herein and grant such other relief as the Commission deems appropriate.

Respectfully Submitted,

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Dated: June 16, 2023

**CERTIFICATE OF SERVICE**

**Formal Case No. 1175, Washington Gas Light Company's Application for Approval of PROJECTpipes 3 Plan**

I certify that on June 16, 2023, a copy of the *Office Of The People's Counsel For The District Of Columbia's Comments On Washington Gas Light's PROJECTpipes 3 Plan* was served on the following parties of record by hand delivery, first class mail, postage prepaid or electronic mail:

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