

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005**

ORDER

December 20, 2023

**FORMAL CASE NO. 1154, IN THE MATTER OF WASHINGTON GAS LIGHT
COMPANY'S APPLICATION FOR APPROVAL OF PROJECTPIPES 2 PLAN,
Order No. 21940**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) holds-in-abeyance Washington Gas Light Company’s (“WGL” or “Company”) Motion to extend the PROJECTpipes 2 Plan (“PIPES 2”).¹ WGL is directed to supplement its Motion to include the information in paragraphs 15-17 of this Order. In addition, the Commission denies WGL’s Modification to the Year 9 Project List of the PIPES 2 Plan.²

II. BACKGROUND

2. By Order No. 20671, the Commission approved the PIPES 2 program for calendar years (“CY”) 2021 through 2023.³ By Order No. 21580, the Commission directed Washington Gas to file a PIPES 2 Updated Year 9 Project List (“Updated Project List”) by June 1, 2023, using Advanced Leak Detection (“ALD”) technology.⁴ The Updated Project List included six (6) projects that were advanced based on the results of WGL’s initial vehicle-mounted survey consistent with the ALD directives in Order No. 21580. On June 8, 2023, WGL filed a Notice of Modification to the PIPES 2 Year 9 Project List.⁵ No party filed comments or an objection to WGL’s Request.

¹ *Formal Case No. 1154, In the Matter of Washington Gas Light Company’s Application for Approval of PROJECTpipes 2 Plan (“Formal Case No. 1154”), Washington Gas Light Company’s Motion for Extension of the PROJECTpipes 2 Plan, filed November 6, 2023 (“Motion for Extension”).*

² *Formal Case No. 1154, Notice of Modification to Year 9 Project List, filed June 8, 2023 (“Notice”).*

³ *Formal Case No. 1154, Order No. No. 20671, rel. December 11, 2020.*

⁴ *Formal Case No. 1154, Order No. 21580, rel. March 10, 2023. The Company attempted to file the report at 5:34 p.m. June 1, 2023, four (4) minutes past the filing deadline, due to an inadvertent delay in the finalization and electronic submission of the filing and filed a motion the next day for leave to accept the late-filed project list. See Formal Case No. 1154, Washington Gas Light Company’s Motion to Accept Late-Filed Project List, filed June 2, 2023. The Commission will generally grant a request of this nature if good cause is shown. WGL experienced technical difficulties in filing the list, and since the Company filed the list only one (1) day later, the Commission grants WGL’s Motion.*

⁵ *Formal Case No. 1154, Notice at 1-2.*

3. On November 6, 2023, WGL filed a Motion for Extension of the PIPES 2 Plan for one (1) year, to December 31, 2024, with a spending cap of \$57.3 million (on top of the \$150 million cap set for the three (3) years of Pipes 2).⁶ On November 16, 2023, the Office of the People’s Counsel for the District of Columbia (“OPC”) filed a Motion in Opposition to WGL’s Motion to Extend the PIPES 2 Plan.⁷ WGL filed a Motion for Leave to Reply and a Response on November 21, 2023.⁸ On December 1, 2023, the Apartment and Office Building Association of Metropolitan Washington (“AOBA”) filed a Response to WGL’s Motion for Leave to Reply and Response to Opposition to the Motion to Extend PROJECT*pipes* 2 Plan.⁹ The Commission has received numerous comments from community stakeholders opposing the proposed extension.¹⁰

III. DISCUSSION/DECISION

A. Year 9 Modification

4. On June 8, 2023, WGL filed a notice requesting the addition of a Program 4 project, Project BCA No. 306680, as an emergency main replacement located in the 800 block of 17th Street, N.E., Washington, D.C., performed by WGL crews to remediate a section of leaking 20” cast iron main. WGL states that it could not provide advanced notice due to the emergency nature of the replacement.¹¹

5. **Decision.** The Commission’s approval of project modifications is not automatic simply because the project in question is PROJECT*pipes*-eligible material, and we remind the Company of its continual obligation to make emergency replacements as part of its normal course of business. Emergency pipe repairs are not eligible for retroactive accelerated recovery. The Company must also adhere to the requirements for notification to the Commission and OPC. WGL failed to provide the requisite advance written notice and project details to parties and Commission Staff as required by Order No. 17500.¹² Therefore, the Commission denies surcharge recovery for

⁶ *Formal Case No. 1154*, Washington Gas Light Company’s Motion for Extension of the PROJECT*pipes* 2 Plan, filed November 6, 2023 (“Motion for Extension”).

⁷ *Formal Case No. 1154*, Office of the People’s Counsel’s Motion in Opposition to Washington Gas’s Motion for Extension of Pipes 2 Plan, filed November 16, 2023(OPC’s Motion in Opposition”).

⁸ *Formal Case No. 1154*, Washington Gas Light Company’s Motion for Leave to Reply and Response to Opposition to Extend PROJECT*pipes* 2 Plan, filed November 21, 2023 (“WGL’s Response”).

⁹ *Formal Case No. 1154*, Apartment and Office Building Association of Metropolitan Washington’s Response to WGL Motion for Leave to Reply and Response to Opposition to Motion to Extend PROJECT*pipes* 2 Plan, filed December 1, 2023 (“AOBA’s Response”).

¹⁰ As examples, *see generally*, *Formal Case No. 1154*, Larry Martin, Elizabeth Berry, and J.M. Hiatt’s Comments, filed December 5, 2023. The majority of the comments oppose WGL’s request for an extension of PIPES 2, arguing that approving PIPES 2 would condone WGL’s business-as-usual approach to locking in fossil gas infrastructure.

¹¹ Notice at 1-2.

¹² *Formal Case No. 1115*, Order No. 17500, ¶ 33, rel. May 30, 2014. WGL is allowed to “adjust up to two (2) projects each year on its annual project list by a maximum spend of \$1 million per project provided that WGL submits

this project. WGL shall recover the cost for this project as normal repair or replacement costs in WGL's next base rate application.

B. WGL's Motion for Extension of PIPES 2 and Surcharge

6. **WGL.** WGL seeks an extension of its PIPES 2 Plan and Surcharge approved by Commission Order No. 20671 to extend the PIPES 2 Plan while the PROJECT*pipes* 3 Plan application is under consideration.¹³ WGL asserts that the extension is “[t]o ensure the continuation of this replacement work, without interruption, and in order to have adequate qualified contractor crews for this extension period...”¹⁴ WGL avers that an extension would “also allow the Company to support an amount of replacement work resulting from the Potomac Electric Power Company's (“Pepco”) DC PLUG initiative.”¹⁵

7. WGL argues that “[n]o party will be prejudiced by the requested relief, in that the Company is proposing to work on Commission-approved replacement projects that have not yet been completed or work on replacing eligible pipe material under one of the approved PIPES 2 programs.”¹⁶ Finally, WGL asserts that “[a]ny delay in approval of an extension of the PIPES 2 Plan would prohibit the continued replacement of higher risk pipe which enhances the safety of the gas distribution system and reduces greenhouse gas emissions from leaking pipe.”¹⁷

8. The Company states that the requested extension is through calendar year 2024, with a spending cap not exceeding \$57.3 million.¹⁸

9. **OPC.** OPC argues that “the Commission should direct WGL to concentrate its efforts on reducing Grade 1 leaks without the accelerated recovery provided by PROJECT*pipes*.”¹⁹ According to OPC, “[b]ecause Grade 1 leaks, which are the most serious, have increased during PIPES 2, and the Company has been unable to address these leaks in a timely manner, it would not be prudent to extend PIPES 2, let alone extend it for another year.”²⁰ OPC states that WGL

written advance notice and details of these revisions to Commission staff and to the parties to this proceeding in a timely manner.”

¹³ Motion for Extension at 3.

¹⁴ Motion for Extension at 3.

¹⁵ Motion for Extension at 4.

¹⁶ Motion for Extension at 5.

¹⁷ Motion for Extension at 5.

¹⁸ Motion for Extension at 3-4.

¹⁹ OPC's Motion in Opposition at 2.

²⁰ OPC's Motion in Opposition at 2.

has been unable to keep up with new Grade 1 leaks and that “[f]rom 2020 through 2022, this represents a 255% increase in a *failure* to repair the most hazardous leaks in a timely fashion.”²¹

10. OPC reminds the Commission that it raised this concern earlier in the PIPES 2 case: “OPC noted that increasing funding in PIPES 2, particularly as it related to programs such as ‘Work Compelled by Others’ would divert resources necessary for the Company to keep up with its ordinary operating and maintenance obligations. That appears to have come to fruition, creating a safety hazard and contributing to GHG emissions.”²² OPC was not persuaded by WGL’s response regarding Grade 1 leaks, stating: “Remarkably, WGL argued that the growing number of new Grade 1 leaks was simply evidence of the continued need for PROJECT*pipes*, suggesting that the problem would be even worse if PROJECT*pipes* were not in effect.”²³ OPC finds two (2) issues with this: first, that the burden of proof rests with WGL to demonstrate that the program is working, but that WGL has simply asked stakeholders to trust that matters would be worse without PROJECT*pipes*; and second, that WGL has actually contradicted itself at times by pointing to more successful years of the PROJECT*pipes* program as proof that the program is working. OPC avers that the Commission should focus on leak reduction as the only true metric to measure the impact of the PROJECT*pipes* program.²⁴

11. OPC notes that WGL does not require surcharge recovery to continue pipe replacement work or to retain contractors.²⁵ OPC also notes that there is no evidence that DC PLUG is in close enough vicinity to be a risk to WGL’s infrastructure and that Program 10 should be discontinued.²⁶

12. **WGL Reply.** WGL argues that OPC’s opposition is based on “faulty conclusions and assertions...”²⁷ WGL presents tables demonstrating that it had a 26% reduction in leaks between the years of 2018 and 2022, and also states: “The Company is in the early stages of a long-term pipe replacement program; therefore, expectations of any drastic leak reductions are unreasonable given the age and amount of higher risk pipe in the distribution system.”²⁸ WGL avers that it “continues to meet or exceed pipeline safety requirements for timely repair of leaks, within the established parameters for each grade of leak.”²⁹ WGL also argues that “OPC’s apparent misunderstanding of the leak data should be ignored, and its representations regarding

²¹ OPC’s Motion in Opposition at 6.

²² OPC’s Motion in Opposition at 6-7.

²³ OPC’s Motion in Opposition at 7.

²⁴ OPC’s Motion in Opposition at 7.

²⁵ OPC’s Motion in Opposition at 8.

²⁶ OPC’s Motion in Opposition at 9.

²⁷ WGL’s Response at 3.

²⁸ WGL’s Response at 4.

²⁹ WGL’s Response at 5.

the safety of the distribution system should be dismissed as unsupported in this record.”³⁰ WGL further states that OPC’s argument against Program 10 is pointless since the Commission has already approved it as a program in PIPES 2.³¹

13. Regarding the retention of work crews, WGL states: “the Company will not retain contractor crews to perform accelerated replacement work that is not authorized under the PIPES 2 Plan. Doing so would be unreasonable and cause the Company to incur unnecessary costs that customers would ultimately bear. Furthermore, general distribution system maintenance would not be impacted by work performed under the PIPES 2 Plan, as separate contractor crews are retained for this work and will be paid outside of the PIPES Surcharge.”³²

14. **AOBA.** AOBA supports OPC’s Motion. AOBA argues: “WGL’s management and operational shortcomings in the management of [PIPES] 2 Plan exacerbates safety issues with the Company’s ongoing failure to remediate Grade 1 leaks. Clearly, the Commission needs to order WGL to focus on eliminating Grade 1 leaks without the accelerated cost recovery the Company proposes.”³³ AOBA also avers that “WGL has failed to account for current expenditures that omit an explanation for the proliferation in Grade 1 leaks since Commission approval of WGL’s accelerated pipe replacement plan nearly a decade ago.”³⁴ Also, regarding Grade 1 leaks, AOBA states: “While nearly a decade into PROJECTpipes, WGL continues to make excuses for the Company’s failure to cure the problem manifested in the significant and escalating number of Grade 1 leaks. The Company’s inexplicable failure, indeed noncompliance, to commit resources to reduce and eliminate Grade 1 leaks is unacceptable. The Commission must impose upon WGL measures to ensure that repair and replacement of pipeline associated with Grade 1 leaks are prioritized and remediated immediately by the Company.”³⁵ AOBA avers that “[a]s the proponent of a change in a Commission Order, the Company has the burden of proof to justify the change to avert termination of the PIPES[] 2 Plan as scheduled. WGL has provided no basis for the relief the Company seeks Commission approval to implement.”³⁶

15. **Decision.** Both AOBA and OPC raise significant issues with WGL’s PIPES 2 performance and the program’s efficacy in achieving its objectives due to what OPC and AOBA aver is WGL’s inability to keep up with existing leaks in the system. We agree with OPC and AOBA that the burden rests with the Company to justify an extension of the PIPES 2 program. WGL’s Motion for Extension does not contain data or information supporting its argument that an extension of PIPES 2 is justified. Without this information, it is not possible for the Commission to grant the Company’s Motion, nor, under the circumstances, are we inclined to dismiss it.

³⁰ WGL’s Response at 6.

³¹ WGL’s Response at 7-8.

³² WGL’s Response at 7.

³³ AOBA’s Response at 2.

³⁴ AOBA’s Response at 2.

³⁵ AOBA’s Response at 3.

³⁶ AOBA’s Response at 4.

Therefore, we hold the Motion in abeyance until WGL submits additional justification for the request. In addition to the supplementary information sought below, WGL should include all information and arguments that supports its position on the need to maintain work crews at a particular level under an extension of PIPES 2.³⁷

16. The Company shall provide the following supplementary information, at a minimum, within 30 days of the date of this Order:

a. For the period from Calendar Year (“CY”) 2005-2014:

1. The number of miles of pipe replaced under normal operations each year and in total;
2. The cost to ratepayers of pipe replacement under normal operations each year and in total;
3. The number of miles of pipe replaced under any other program each year and in total;
4. The cost to ratepayers of pipe replacement under each additional program each year and in total;
5. The number of Grade 1, 2, and 3 leaks discovered on the system each year and in total; and
6. The number of Grade 1, 2, and 3 leaks repaired on the system each year and in total;

b. For CY 2015-2020 (PIPES 1):

1. The number of miles of pipe replaced under normal operations each year and in total;
2. The cost to ratepayers of pipe replacement under normal operations each year and in total;
3. The number of miles of pipe replaced under the accelerated pipe replacement plant (“APRP”) and in total;
4. The cost to ratepayers of pipe replacement under the APRP each year and in total;
5. The number of miles of pipe replaced under any other program each year and in total;

³⁷ The Company should explain how the Commission’s decision to hold the Motion in abeyance affects work that is under construction.

6. The cost to ratepayers of pipe replacement under each additional program each year and in total;
 7. The number of Grade 1, 2, and 3 leaks discovered on the system each year and in total; and
 8. The number of Grade 1, 2, and 3 leaks repaired on the system each year and in total;
- c. For CY 2021-2023 (PIPES 2):
1. The number of miles of pipe replaced under normal operations each year and in total;
 2. The cost to ratepayers of pipe replacement under normal operations each year and in total;
 3. The number of miles of pipe replaced under the accelerated pipe replacement plant (“APRP”) and in total;
 4. The cost to ratepayers of pipe replacement under the APRP each year and in total;
 5. The number of miles of pipe replaced under any other program each year and in total;
 6. The cost to ratepayers of pipe replacement under each additional program each year and in total;
 7. The number of Grade 1, 2, and 3 leaks discovered on the system each year and in total; and
 8. The number of Grade 1, 2, and 3 leaks repaired on the system each year and in total.

17. The Company is also expected to recalibrate the surcharge to reflect the \$39.5 million transfer of PROJECTpipes net rate base and the \$4.7 million of revenue requirements into the distribution base rates, consistent with Order No. 21939 in *Formal Case No. 1169* and file an updated current factor to reflect this transfer within 30 days of the date of this Order.³⁸ The Commission recognizes that the surcharge for all the months of CY 2024 will consist of the revenue requirements associated with a baseline residual amount of net PROJECTpipes rate base that has not transferred into the distribution rate base. WGL is directed to provide detailed information to the Commission within 30 days of the issuance of this Order.

³⁸ *Formal Case No. 1169, In the Matter of the Application of Washington Gas Light Company for Authorization to Increase Existing Rates and Charges for Gas Service, Order No. 21939.*

THEREFORE, IT IS ORDERED THAT:

18. Washington Gas Light Company's June 8, 2023, Application for Approval of Modification to Year 9 Annual Project List of the Accelerated Pipe Replacement Program is **DENIED**;

19. The Commission hereby **HOLDS-IN-ABEYANCE** Washington Gas Light Company's Motion for Extension of the *PROJECTpipes 2* Plan; and

20. Washington Gas Light Company is **DIRECTED** to file the requested information referred to in paragraphs 15-17 within 30 days of the date of this Order.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive style with a large initial 'B'.

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**