

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

**ORDER**

**October 24, 2024**

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

and

**FORMAL CASE NO. 1179, IN THE MATTER OF THE INVESTIGATION INTO  
WASHINGTON GAS LIGHT COMPANY’S STRATEGICALLY TARGETED PIPE  
REPLACEMENT PLAN, Order No. 22317**

**I. INTRODUCTION**

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) approves the 41 PROJECT*pipes* 2 (“PIPES 2”) projects list held in abeyance by Order No. 22294. In addition, the Commission grants the Office of the People’s Counsel for the District of Columbia (“OPC”) and the District of Columbia Government’s (“DCG”) Joint Motion for Enlargement of Time to File Direct Testimony (“Joint Motion”) until December 10, 2024, and amends the procedural schedule as outlined in Attachment A. The Commission extends the PIPES 2 program from February 28, 2025, to April 30, 2025.<sup>1</sup> Washington Gas Light Company (“WGL” or “Company”) is directed to file an updated Project List within 15 days of the date of this Order to address the modified extension period. Finally, the Commission *sua sponte* grants intervenor status to DCG, the Apartment and Office Building Association of Metropolitan Washington (“AOBA”), D.C. Climate Action (“DCCA”), Earthjustice/Sierra Club (“Sierra Club”), Baltimore Washington Construction and Public Employees Laborers’ District Council (“BWLDC”), and the Environmental Defense Fund (“EDF”) in this matter.<sup>2</sup>

**II. BACKGROUND**

2. The history of WGL’s accelerated pipe replacement program is amply summarized in Order No. 22241,<sup>3</sup> where the Commission adopted a modified procedural schedule to adjudicate

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<sup>1</sup> See *Formal Case No. 1154, In the Matter of Washington Gas Light Company’s Application for Approval of PROJECTpipes 2 Plan (“Formal Case No. 1154”)*, Order No. 21960, rel. February 23, 2024 (“Order No. 21960”).

<sup>2</sup> The Office of the People’s Counsel for the District of Columbia is a party of right. See D.C. Code §34-804(a).

<sup>3</sup> *Formal Case No. 1179, In the Matter of the Investigation Into Washington Gas Light Company’s Strategically Targeted Pipes Replacement Plan (“Formal Case No. 1179”)*, Order No. 22241, rel. July 26, 2024 (“Order No. 22241”). The Commission granted WGL’s proposed 60-day extension, opposed to the 90 days proposed

WGL’s revised application directed by Commission Order No. 22003. WGL’s revised application, the District Strategic Accelerated Facility Enhancement Plan” (“District SAFE” or “Plan”) was filed on September 27, 2024.<sup>4</sup> The District SAFE Plan seeks authorization to undertake targeted replacement of certain vintage materials on its system and to recover the costs associated with the Plan through the previously approved surcharge mechanism for WGL’s accelerated pipe program.<sup>5</sup> The District SAFE Plan covers work to be performed from March 1, 2025, through December 31, 2027.<sup>6</sup>

3. By Order No. 21960, the Commission approved a 12-month Extension of PIPES 2 to ensure the continuity between the end of PIPES2 and the new SAFE program and directed WGL to file a project list for the extension period.<sup>7</sup> WGL filed the 12-month Extension Project List on March 11, 2024, which the Company subsequently revised on July 2, 2024.<sup>8</sup> On September 12, 2024, by Order No. 22294, the Commission found that 112 of the updated projects on the List fully complied with our directives and were surcharge eligible but held in abeyance approval of surcharge recovery for 41 projects.<sup>9</sup> The Commission directed the Company to file another updated project list with Optimain risk scores to be considered eligible for surcharge recovery.<sup>10</sup> On the same day that WGL filed its SAFE application, WGL filed the updated project list addressing the projects that the Commission held in abeyance.<sup>11</sup>

4. On October 3, 2024, the Commission posted a Public Notice soliciting Petitions to Intervene to be filed no later than October 15, 2024, and, inviting interested persons to comment on WGL’s SAFE Application by November 20, 2024.<sup>12</sup> The Public Notice was published in the *D.C. Register* on October 11, 2024.<sup>13</sup> No Petitions to Intervene were filed in response to the Notice.

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by DCG, for WGL to meet and confer with stakeholders on the new accelerated program before the Company filed its application.

<sup>4</sup> *Formal Case No. 1179*, Washington Gas Light Company’s Revised Application for Approval of The District Strategic Accelerated Facility Enhancement Plan, filed September 27, 2024 (“Plan”).

<sup>5</sup> Plan at Exhibit WG (A)-1 at 5.

<sup>6</sup> Plan at Exhibit WG(A) -1 at 30-31.

<sup>7</sup> *Formal Case No. 1154*, Order No. 21960, ¶ 16, rel. February 23, 2024 (“Order No. 21960”).

<sup>8</sup> *Formal Case No. 1154*, Washington Gas Light Company’s PIPES 2 Year 10 Extension – Revised Project List, filed July 2, 2024 (“Revised Project List”).

<sup>9</sup> *Formal Case No. 1154*, Order No. 22294, ¶¶ 6, 7, rel. September 12, 2024 (“Order No. 22294”).

<sup>10</sup> *Formal Case No. 1154*, Order No. 22294, ¶¶ 6, 7.

<sup>11</sup> *Formal Case No. 1154*, Washington Gas Light Company’s Response to Order No. 22294, at 2-4, filed September 27, 2024 (“Response/Updated Project List”).

<sup>12</sup> *Formal Case No. 1179*, Public Notice, docketed and posted on October 3, 2024 (“Public Notice”).

<sup>13</sup> 71 *D.C. Reg.* 012511 – 012513 (October 11, 2024).

5. On October 4, 2024, OPC and the DCG filed a Joint Motion to enlarge the time to file Parties' Direct Testimony due October 25, 2024, to December 10, 2024.<sup>14</sup> WGL filed an opposition to the motion on October 8, 2024.<sup>15</sup>

### **III. DISCUSSION AND DECISION**

#### **a. Order No. 22294 and Response**

6. As part of its PIPES 2 extension, the Commission held in abeyance approval of surcharge recovery for 41 projects of the projects on WGL's PIPES 2 Extension Project List until the Company provided the Optimain risk scores for 34 mains projects and seven (7) services-only projects on WGL's Revised Project List.<sup>16</sup> In addition, WGL was directed to provide more definitive explanations for the seven (7) services-only projects to demonstrate that they are high-risk pipes.<sup>17</sup>

7. Concerning the 34 mains projects, per the Commission's directive, WGL states that the Company is providing the Optimain risk scores from previous data runs (2018-2022) for these carryover projects and is providing the most recent Optimain data run (2023) for the new projects.<sup>18</sup> As to the seven (7) services-only projects, WGL states that these projects met the PIPES 2 Program 3 (Vintage Mechanical Couplings ("VCM")) criteria for inclusion of projects under the program and are eligible for recovery under the surcharge.<sup>19</sup> Moreover, WGL contends that these projects were previously on prior annual project lists approved by the Commission and carried over to the resubmitted PIPES 2 Extension period Project List.

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<sup>14</sup> *Formal Case No. 1179*, the Office of the People's Counsel and District of Columbia Government's Joint Motion for Enlargement of Time to File Direct Testimony, filed October 4, 2024 ("Motion").

<sup>15</sup> *Formal Case No. 1179*, Washington Gas Light Company's Opposition to the Joint Motion, filed October 8, 2024 ("Opposition").

<sup>16</sup> *Formal Case No. 1154*, Order No. 22294, ¶¶ 6-7 and 9, rel. September 12, 2024. WGL notes that the Optimain risk scores are stale in comparison to the risk-ranking scores produced by the JANA model. The Company states that JANA provides a greater degree of confidence in the evaluation of risk and that Optimain groups assets differently from JANA therefore the scores do not provide an equal comparison.

<sup>17</sup> *Formal Case No. 1154*, Order No. 22294, ¶¶ 6-7 and 9.

<sup>18</sup> *Formal Case No. 1154*, Washington Gas Light Company's Response to Order No. 22294, at 2-4, filed September 27, 2024 ("Response/Updated Project List").

<sup>19</sup> Response/Updated Project List, at 3-6. WGL states that: (1) the Program 3 projects were created to target VCM services under the PIPES 2 program; (2) these materials have a greater propensity to leak; (3) these projects were developed and prioritized based upon a 5-year leak occurrence; (4) regardless of whether the services have not leaked in the last five (5) years, the service material has an increased susceptibility to leak therefore they warrant accelerated replacement; and (6) these projects are on the current project list because the Company has worked through the projects with higher 5-year leak rates and has now reached the remaining quads which are not known to have leaked in the last five (5) years.

**b. Decision on Order No. 22294 WGL Filing**

8. The Commission has now reviewed WGL's response<sup>20</sup> and found that WGL has provided the required Optimain scores for all 34 main replacement projects to support eligibility for surcharge recovery. The additional details provided on the risk profile, selection criteria, and explanation of the selection process for the seven (7) identified service-only projects indicate that these represent the District's highest-risk vintage mechanically coupled (VMC) services, making them eligible for surcharge recovery. Therefore, those projects are eligible for surcharge recovery under the PIPES 2 Extension subject to the same prudence review and reconciliation process applied to all PIPES-eligible projects. We will assess the prudence of the investment in a future base rate case when WGL seeks to recover these costs through base rates.

**c. OPC and DCG Joint Motion and WGL's Opposition**

9. The motion notes that AOBA and the Sierra Club do not object to the motion but that WGL does not consent to the relief requested.<sup>21</sup> OPC and DCG assert that the fiscal year budget changeover impacts their ability to work with their expert witnesses because: (1) with the fiscal year ending on September 30, they were required to first "close the books" on that fiscal year, which causes a stop work order to be issued to their contractors while at the same time starting the paperwork process in the new fiscal year to obtain the necessary funding to support the work of its experts;<sup>22</sup> (2) there are budgeting uncertainties which makes planning across fiscal years very difficult especially if there are significant funding deviations from the prior fiscal year budget;<sup>23</sup> (3) government agencies are subject to the District's anti-deficiency laws; (4) issuing a purchase order is a lengthy and time-consuming process;<sup>24</sup> and (5) stop work orders must be maintained until a purchase order is issued.<sup>25</sup> Under the circumstances, OPC and DCG request that the Commission modify the procedural schedule and allow the Parties until December 10, 2024, to have their experts develop and file Direct Testimony in this matter. OPC and DCG believe that the truncated timeline hinders their ability to submit thorough and well-developed responsive testimony, and without the adjustment of the procedural schedule, the parties and the public will be prejudiced.<sup>26</sup>

10. WGL objects that the Joint motion is an untimely request for reconsideration of

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<sup>20</sup> *Formal Case No. 1154*, WGL's response to Order No. 22294.

<sup>21</sup> Motion at 1.

<sup>22</sup> Motion at 1-2.

<sup>23</sup> Motion at 2.

<sup>24</sup> Motion at 3.

<sup>25</sup> Motion at 3.

<sup>26</sup> Motion at 4-5.

Order No. 22241's procedural schedule that should have been filed by August 26, 2024.<sup>27</sup> Second, WGL contends that the motion fails to meet the standard for granting extensions, which is "whether the proponent of the motion provides good cause, or whether granting the motion would be reasonable, would prejudice any party to the proceeding, would cause inordinate delay, or would create a more complete record for Commission action."<sup>28</sup>

11. WGL notes that this is DCG's second attempt to extend the procedural schedule and that in Order No. 22241, the Commission recognized the need for continuity between the end of PIPES 2 and the beginning of the new restructured District SAFE Plan and revised the schedule by 60 days.<sup>29</sup> In addition, WGL asserts that the Commission adopted a procedural schedule that allowed for the stakeholders to meet and discuss an accelerated plan while maintaining the December 10, 2024, deadline for filing post-hearing briefs to ensure sufficient time for the issuance of an Order approving the District SAFE Plan before the end of PIPES 2 on February 28, 2025.<sup>30</sup> WGL avers that not until the filing of the Joint Motion was the Company notified that OPC and DCG wanted an extension of time to file Direct Testimony.<sup>31</sup> In recognition of the Commission's desire to prevent any gap between PIPES 2 and the District SAFE Plan, the Company states that it immediately reached out to OPC and DCG and offered to accommodate the schedule change by continuing WGL's PIPES 2 program through December 31, 2025, at the \$50 million funding level pending before the Commission for District SAFE.<sup>32</sup> WGL indicates that DCG rejected the compromise for providing more time to submit Parties Direct Testimony.<sup>33</sup>

12. Lastly, WGL states that the Commission should ensure continuous program implementation and adequate funding for District SAFE.<sup>34</sup> WGL argues that if the Commission grants some relief to OPC and DCG, "it must ensure that Washington Gas, its customers, and its employees and contractors are not harmed or unreasonably prejudiced by authorizing an extension of the existing accelerated replacement program at the level proposed for funding Year 1 of District SAFE."<sup>35</sup> Therefore, if the Commission modifies the schedule, it must do so with additional funding corresponding to Year 1 of the District SAFE Plan.

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<sup>27</sup> Opposition at 1 and 5.

<sup>28</sup> Opposition at 6, citing RM3-2014-01, *In the Matter of the Investigation into the Public Service Commission's Rules of Practice and Procedure; and Utility Consumer Bill of Rights*, Order No. 19089, rel. September 8, 2017) (internal citations omitted).

<sup>29</sup> Opposition at 2-3, citing *Formal Case No. 1179*, Order No. 22241, ¶ 9.

<sup>30</sup> Opposition at 3.

<sup>31</sup> Opposition at 3.

<sup>32</sup> Opposition at 4.

<sup>33</sup> Opposition at 3-4.

<sup>34</sup> Opposition at 13

<sup>35</sup> Opposition at 13.

**d. Decision**

13. The Commission has broad authority in managing its docket. Generally, the Commission will grant a request of this nature if good cause is shown.<sup>36</sup> In this instance, we are persuaded that the District's end-of-the-year budget and procurement protocol hampers OPC and DCG's ability to procure experts to assist the parties in the development of their testimony and thus have provided good cause to warrant additional time for the preparation of the parties' filings. Accordingly, OPC, DCG, and all parties will have until December 10, 2025, to file Direct Testimony. The attached procedural schedule adjusts all the remaining filing dates to accommodate the approximate two (2)-month extension we are granting.

14. Our decision to extend the WGL's SAFE's procedural schedule warrants an extension of the PIPES 2 twelve (12)-month extension period by two (2) months through April 30, 2025. Providing this additional time ensures the continuity of the PIPES 2 Plan until the Commission renders its decision on the new restructured District SAFE Plan.

15. Consistent with Order No. 21960 approved funding levels during the 12-month PIPES 2 extension, we authorize a surcharge eligible spend associated with the additional two-month extension period capped at \$ 8.5 million, with expenditures on Program 10 projects limited to \$1.75 million. For services replaced through Programs 1, 3, and 5, the spending limit will be \$3.75 million, and for mains replaced through Programs 2, 3, and 4, the spending cap will be \$3 million during the extension period. Based on the expected rate of replacements during the existing 12-month extension, the Commission anticipates that this additional time and funding will enable the Company to replace an additional 0.8 miles of main with an estimated 240 additional services, either remediated or transferred. Finally, the Commission reminds WGL that the Company is expected to replace a total of 5.52 miles of main with an estimated 1,668 services, either remediated or transferred by April 30, 2025. A failure to complete these replacement targets will result in a reduction of the surcharge-eligible spending limit of \$58.5 million.<sup>37</sup>

16. As a result of modifying the PIPES 2 twelve 12-month extension period until April 30, 2025, the Commission directs WGL to file an update to the PIPES 2 Project list consistent with all of the requirements specified in Order No. 21960 for the extension period within 15 days of the date of this Order.

17. Finally, the Commission *sua sponte* grants intervenor status to entities previously parties in *Formal Case No. 1154*, WGL's most recent accelerated PIPES proceeding.<sup>38</sup> Specifically, the Commission grants intervenor status to DCG, AOBA, DCCA, Sierra Club, BWLDC, and EDF.<sup>39</sup> Given the high level of experience of most of the parties that participated

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<sup>36</sup> See, e.g., *Formal Case No. 1175, In the Matter of Washington Gas Light Company's Application for Approval of PROJECTpipes 3 Plan*, Order No. 21573, ¶ 10, rel. February 17, 2023.

<sup>37</sup> See *Formal Case 1154*, Commission Order No. 21960, ¶ 14.

<sup>38</sup> *Formal Case No. 1154*, Order No. 19919, ¶ 14, rel. May 3, 2019.

<sup>39</sup> See *Formal Case No. 1154*, Order No. 19919, ¶ 14.

in WGL's PIPES 1 and PIPES 2 and the overarching interests of administrative efficiency, simplification, and expediency, we think granting intervention is appropriate.<sup>40</sup>

**THEREFORE, IT IS ORDERED THAT:**

18. The 41 PROJECT*pipes* 2 Projects List held in abeyance by Order No. 22294 is **APPROVED**;

19. The Office of the People's Counsel for the District of Columbia and the District of Columbia Government's Joint Motion for Enlargement of Time to File Direct Testimony is **GRANTED**;

20. The Commission **ADOPTS** an amended procedural schedule as outlined in Attachment A; and,

21. The Commission extends the time of the PROJECT*pipes* 2 ("PIPES 2") from February 28, 2025, to April 30, 2025;

22. Washington Gas Light Company is **DIRECTED** to file an update to the *Formal Case No. 1154* PIPES 2 Project list within 15 days of the date of this Order to address the PIPES 2 extension period; and

23. The Commission *sua sponte* **GRANTS** intervenor status to the District of Columbia Government, the Apartment and Office Building Association of Metropolitan Washington, D.C. Climate Action, Earthjustice/Sierra Club, Baltimore Washington Construction and Public Employees Laborers' District Council, and the Environmental Defense Fund.

**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION:**



**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**

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<sup>40</sup> *Formal Case No. 1154*, Order No. 19919, ¶¶ 6 and 7.

**ATTACHMENT A (ORDER NO. 22317)**

<u>Date</u>	<u>Action</u>
9/27/2024	WGL files Revised Application
12/10/24	Direct Testimony and Exhibits
1/6/25	Rebuttal Testimony and Exhibits
1/7/25	Settlement and Stipulation Conference
1/7/25	Discovery Ends
1/8/25	Joint Statement of Stipulation and Settlement Conference Report
1/13/25	Prehearing/Status Conference
1/15-17/25	Evidentiary Hearings – if needed
1/27/25	Post Hearing Briefs Due



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

**October 24, 2024**

**FORMAL CASE NO. 1154, IN THE MATTER OF WASHINGTON GAS LIGHT  
COMPANY'S APPLICATION FOR APPROVAL OF PROJECT PIPES 2 PLAN,**

**and**

**FORMAL CASE NO. 1179, IN THE MATTER OF THE INVESTIGATION INTO  
WASHINGTON GAS LIGHT COMPANY'S STRATEGICALLY TARGETED PIPE  
REPLACEMENT PLAN,**

**PARTIAL ABSTENTION OF COMMISSIONER BEVERLY TO ORDER NO. 22317**

I agree with the Order insofar as it grants the Joint Motion and grants intervention for specific parties, *sua sponte* (in *Formal Case No. 1179*). However, I respectfully abstain from the Order insofar as it notifies the parties that it is resuming a review on projects (in *Formal Case No. 1154*) that had been previously held in abeyance while simultaneously approving these projects without inviting comment, especially from the intervenors that the Commission has just now let into *Formal Case No. 1179*. Regarding the projects themselves, although WGL may have technically complied with Order No. 22003 and omitted risk scores for service lines because Optimain doesn't provide them, we should amend Order No. 22003 to direct the Company to provide JANA scores for these lines rather than have no scores at all.

Additionally, the current proposal (in *Formal Case No. 1179*) arguably contains even less detail than the previous proposal. For example, the proposal only provides an overall budget rather than a detailed project-by-project budget. I take a dim view of wasting time to flesh out the application through discovery and then feel compelled to extend Project Pipes 2 based on an argument that we essentially ran out of time to do anything else. I've set forth my reservations about Project Pipes in prior dissents and even though the name of the plan has changed, my position has not. To sum it up, I believe we should cease the surcharge immediately and direct WGL to undertake pipe replacement as part of normal business (as they did before we had Project Pipes), expeditiously open a proceeding to institute integrated thermal planning for the Company, and then make pipe replacement part of a comprehensive plan.

COMMISSION ACTION

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

and

FORMAL CASE NO. 1179, IN THE MATTER OF THE INVESTIGATION INTO WASHINGTON GAS LIGHT COMPANY'S STRATEGICALLY TARGETED PIPE REPLACEMENT PLAN,

Date 10/24/24 Formal Case Nos. 1154 & 1179 Tariff No. \_\_\_\_\_ Order No. 22317

	Approved by Roll Call Vote	Partial Abstention Initial & Date	Dissent Initial & Date
Chairman Emile Thompson	<u>ET/CL 10/24/24</u>	_____	_____
Commissioner Richard A. Beverly	_____	<u>RB/CL 10/24/24</u>	_____
Commissioner Ted Trabue	<u>TT/CL 10/24/24</u>	_____	_____

Certification of Action

*C. Lipscombe*  
General/Deputy General Counsel

Kimberly Lincoln-Stewart  
OGC Counsel/Staff