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People's Counsel

December 10, 2024

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. 1179, In the Matter of the Investigation into Washington Gas Light Company's Strategically Targeted Pipe Replacement 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 Direct Testimony and Exhibits*.

- Exhibit OPC (A) (Fitzhenry)

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

Sincerely,

/s/ Ade Adeniyi
Ade Adeniyi
Assistant People's Counsel

Enclosure

cc: Parties of record

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

In the Matter of	§	
	§	
The Investigation into the	§	Formal Case No. 1179
Washington Gas Light	§	
Company's Strategically	§	
Targeted Pipe Replacement Plan	§	

**DIRECT TESTIMONY
AND SUPPORTING EXHIBITS OF
COLIN T. FITZHENRY**

Exhibit OPC A

**On Behalf of the
Office of the People's Counsel
for the District of Columbia**

December 10, 2024

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Colin T. Fitzhenry and my business address is 16690 Swingley Ridge Road,
3 Suite 140, Chesterfield, MO 63017.

4

5 **Q. WHAT IS YOUR OCCUPATION?**

6 A. I am an Associate in the field of public utility regulation with the firm of Brubaker &
7 Associates, Inc. (“BAI”), energy, economic and regulatory consultants.

8

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
10 **RELEVANT EMPLOYMENT EXPERIENCE.**

11 A. This information is included in Exhibit OPC (A)-1.

12

13 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

14 A. I am presenting testimony on behalf of the Office of the People’s Counsel for the District
15 of Columbia.

16

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS**
18 **ON THE TOPIC OF NATURAL GAS INFRASTRUCTURE REPLACEMENT?**

19 A. Yes. I have provided expert witness testimony in regulated utility proceedings before
20 the Michigan Public Service Commissions (Case No. U-21291) and the Maryland

1 Public Service Commission (Case Nos. 9704, 9701, 9719, and 9722) related to natural
2 gas infrastructure replacement.

3

4 **Q. WERE YOUR TESTIMONY AND EXHIBITS PREPARED BY YOU OR**
5 **UNDER YOUR DIRECT SUPERVISION AND CONTROL?**

6 A. Yes.

7

II. SCOPE AND SUMMARY OF TESTIMONY

8 **Q. WHAT IS THE SCOPE AND PURPOSE OF YOUR DIRECT TESTIMONY IN**
9 **THIS PROCEEDING?**

10 A. The purpose of my testimony is to address Washington Gas Light Company's ("WGL"
11 or "Company") proposed Strategic Accelerated Facilities Enhancement ("District
12 SAFE") Plan.

13 The fact that I do not address certain aspects of the Company's proposals should not
14 indicate agreement with any specific element of such proposals.

15

16 **Q. ARE YOU FAMILIAR WITH THE HISTORY OF ACCELERATED PIPE**
17 **REPLACEMENT PROGRAM IN THE DISTRICT?**

18 A. Yes. I understand that the Company's accelerated pipe replacement activity started over
19 a decade ago and was initially conceived as a 40-year project to remove aging leak-
20 prone infrastructure with the highest risk of leaks from the District of Columbia
21 distribution system. The program originally focused on the removal of cast iron and

1 bare and unprotected steel mains, which were some of the first materials used in the
2 natural gas industry. The first phase of this plan (known as PROJECT*pipes*) was a 5-
3 year plan approved with an estimated cost of \$110 million.

4
5 **Q. DID THE COMPANY SUBMIT ADDITIONAL PIPE REPLACEMENT PLANS**
6 **AFTER THE FIRST 5-YEAR PLAN WAS COMPLETED?**

7 A. Yes. In 2018, the Company submitted its PIPES 2 plan seeking an additional \$305.3
8 million in accelerated pipe replacement spending over a five-year period. The
9 Commission ultimately approved a three-year plan with a cap of \$150 million in total
10 spending.

11
12 **Q. HAVE YOU REVIEWED COMMISSION ORDER NO. 22003?¹**

13 A. Yes.

14
15 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S FINDINGS IN**
16 **THAT ORDER?**

17 A. I understand that the Commission rejected the Company's PIPES 3 plan that included a
18 proposed \$671.8 million of spending over a five-year period and ordered the Company
19 to file a revised plan that better aligned the Company's spending with Federal and
20 District climate initiatives. Specifically, the Commission ordered the Company to

¹ *Formal Case No. 1179, In the Matter of the Investigation Into Washington Gas Light Company's Strategically Targeted Pipes Replacement Plan*, Order No. 22003 rel. June 12, 2024 ("Order No. 22003").

1 submit a more focused plan that better balances the need to reduce leaks on the gas
2 distribution system with the potential for stranded assets costs as the District continues
3 its energy transition.² I understand that the new proposal was to be narrowly focused on
4 the highest-risk segments of aging pipe that could cause increased greenhouse gas
5 emissions if not replaced.

6
7 **Q. DID THE COMMISSION MAKE ANY FINDINGS WITH RESPECT TO THE**
8 **EFFICIENCY OF THE COMPANY'S HISTORICAL PIPE REPLACEMENT**
9 **SPENDING?**

10 A. Yes. The Commission noted that in 2022, the Company's cost of replacing pipeline
11 mains was \$7.8 million per mile.³ Based on its review of similar pipe replacement
12 programs across the Northeast, the Commission determined that no other utility incurs
13 costs as high as the costs that WGL submitted in the PIPES 3 application.⁴ This included
14 ConEdison (ConEd), the utility serving Manhattan, Brooklyn, Queens, Bronx, Staten
15 Island and Westchester. In 2022, ConEd estimated its replacement costs at
16 approximately \$5 million per mile.⁵

17
18 **Q. HAVE YOU REVIEWED THE COMPANY'S DISTRICT SAFE PLAN FILED**
19 **IN RESPONSE TO ORDER NO. 22003?**

² Order No. 22003 ¶¶ 48 -49.

³ *Id.* at ¶ 50

⁴ *Id.*

⁵ *Id.* at n. 125.

1 A. Yes, I have.

2

3 **Q. WHAT FINDINGS HAVE YOU MADE WITH RESPECT TO THE DISTRICT**
4 **SAFE PLAN?**

5 A. Based on my review of the District SAFE Plan, I do not believe the proposal is
6 responsive to the Commission's directives in Order No. 22003. Specifically, I have
7 made the following conclusions which are discussed in greater detail in my testimony:

- 8 • Even when compared to some of the worst performing utilities in terms of gas safety
9 and reliability in the northeastern United States, WGL has a higher than average
10 leak rate per mile of distribution main and services. This clearly demonstrates that
11 WGL's safety and reliability performance is worse than utilities in similar positions.
12 The Company should not be allowed to continue to grow its rate base while
13 demonstrating neither improvements in its distribution system's reliability and
14 safety nor capital expenditure changes tailored to meet the District's climate goals.
15 Requiring customers to incur additional costs while WGL continues to perform
16 below average compared to its peer utilities, creates an unnecessary and
17 unreasonable burden on customers.
- 18 • WGL has not considered the long-term implications of its proposed capital
19 expenditures, including the possibility of stranded assets. A comprehensive and
20 proactive planning process is necessary to ensure that WGL's rates, service, and
21 operations are consistent with the public interest. A prudent utility, anticipating
22 major market shifts, would not be spending money on infrastructure that may be
23 stranded or obsolete in the near term and instead would try to manage its risk by
24 taking a deliberative approach to pipeline replacement.
- 25 • I do not see a need to limit the Customer Choice program to a subset of WGL
26 customers that will be impacted by the District SAFE plan. Instead, the Company
27 should extend the Customer Choice opt-out provision to all customers with planned
28 service replacements. The proposed model should be replicated for all customers
29 impacted by a service replacement. Additionally, the Company would benefit from
30 proactively surveying its customers to determine which customers intend to switch
31 to alternative fuel sources in the near future. This data could be incorporated in
32 future planning to make determinations about where future replacement work will
33 be conducted and help avoid the potential for additional stranded assets.

- 1 • I recommend that the Commission (a) reject WGL’s filing for noncompliance with
2 Order No. 22003 and (b) direct the filing of a modified pipe replacement plan with
3 specific projects identified and without accelerated cost recovery because the PSC
4 already noted in Order No. 22003 that WGL is obligated to maintain system safety
5 and reliability even without surcharge recovery. To the extent the District SAFE
6 Plan is approved, the associated funding should be reduced by \$65 million to
7 maintain historical rates of investment. There should be no increase in funding until
8 WGL demonstrates, at a minimum, that it has a plan that is responsive to
9 Commission’s directives in Order No. 22003 and can efficiently address aging
10 infrastructure on the Company’s system consistent with District and Federal climate
11 goals. The Company should be directed to improve efficiencies in its infrastructure
12 replacement programs in order to better address leaks on the Company’s distribution
13 system. This can be accomplished by targeting only the highest risk segments of
14 vintage material for replacement. My adjustment balances the fact that both
15 customer counts and volumetric sales are declining and likely to continue declining
16 in WGL’s D.C. service territory, putting upward pressure on customer rates.
17

III. SUMMARY OF WGL’S NATURAL GAS DISTRIBUTION SYSTEM

18 **Q. PLEASE DESCRIBE THE CURRENT STATE OF WGL’S NATURAL GAS**
19 **DISTRIBUTION SYSTEM?**

20 A. As of 2023, WGL’s distribution system in the District of Columbia contained 1,218
21 miles of distribution mains and 124,913 miles of service lines. Of the distribution
22 mains, approximately 393 miles are cast iron (32%) and 20 miles are bare steel (1.6%).
23 The Company experienced 668 mains leaks in 2023, or over one leak for every two
24 miles of mains. The vast majority of distribution mains leaks were considered hazardous
25 (542 out of 668 or 81%). Likewise, the Company had 590 service leaks in 2023, 554
26 (94%) of which were considered hazardous.⁶
27

⁶ 2023 Gas Distribution Report, PHMSA Form F-7100.

1 **Q. ARE THESE LEAK RATES HIGHER THAN OTHER NATURAL GAS**
2 **UTILITIES?**

3 A. Yes. I have compared the gas leaks per mile of mains and per mile of services in WGL's
4 DC service territory to that of other natural gas utilities. The data is shown in number
5 of leaks per mile in order to determine a leak rate, as opposed to just showing the number
6 of leaks in each system, which would be distorted by the system size. In order to keep
7 the comparison reasonable, I have only compared the gas leak rate to other natural gas
8 utilities that meet the following three conditions: (1) located in the northeastern United
9 States, (2) urban and suburban service territory, and (3) between 12% and 39% of their
10 distribution mains are comprised of cast iron. Unlike the peer group utilized by WGL
11 in its analyses, I have not included utilities located on the west coast or the Midwest in
12 my peer group comparison.⁷ The six utilities shown in Table 1 below meet these
13 criteria.

⁷ Exhibit WG (A)-1, District SAFE Plan, at 19, Figure 11: Comparison of the District of Columbia's Cast Iron, Bare Steel, and Unprotected Wrapped Steel Main with Peer Group and National Averages Between 2013 and 2023.

Table 1			
<u>2023 Gas Leak Rates</u>			
Utility Company	Operating State	Per Main Mile	Per Service Mile
Washington Gas Light Company	District of Columbia	0.5483	0.0047
Boston Gas Company	Massachusetts	0.4210	0.0037
Philadelphia Gas Works	Pennsylvania	0.6734	0.0047
Keyspan Energy Delivery - NY City	New York	0.5064	0.0016
Baltimore Gas and Electric Company	Maryland	0.4002	0.0083
Southern Connecticut Gas Company	Connecticut	0.1213	0.0028
Average		0.4451	0.0043

Source: Annual Gas Distribution Report, PHMSA Form F-7100

1 As can be seen from Table 1, in 2023, WGL had a higher gas leak rate per mile of mains
 2 and per mile of service than the utilities in the peer group. On average, WGL was 23%
 3 more likely to experience a gas mains leak than the average distribution company in the
 4 peer group. Similarly, the Company was 10% more likely to experience a service line
 5 leak.

7 **Q. WHAT CAN YOU CONCLUDE FROM THE ABOVE ANALYSIS?**

8 A. The Company is requesting a further increase in the rate of investment in the
 9 Accelerated Pipe Replacement Program (“APRP”). As a result, the APRP Adjustment
 10 charge will be increased to recover these additional expenditures. Allowing WGL to
 11 receive increasing amounts of ratepayer dollars and thus requiring customers to incur
 12 additional cost while WGL continues to perform below average compared to its peer
 13 utilities, creates an unnecessary and unreasonable burden on customers. Moreover, it

1 does nothing to motivate WGL to improve its efficiency or leak repair and pipe
2 replacement.

3

4 **Q. HAVE YOU REVIEWED COMMISSIONER BEVERLY'S PARTIAL**
5 **CONCURRENCE IN ORDER NO. 22003?**

6 A. Yes.

7

8 **Q. DO YOU HAVE ANY OBSERVATIONS ON THE RATE OF REPLACEMENT**
9 **OF CAST/WROUGHT IRON MAINS BY WGL VERSUS NATIONAL**
10 **TRENDS?**

11 A. There is no question that WGL lags behind the rest of the country and has one of the
12 highest percentages of remaining cast iron distribution mains in the country. While the
13 Company highlights this fact as evidence of the need for the District SAFE plan,⁸ it also
14 serves as evidence of why close scrutiny of the Company's plan is warranted. As noted
15 above, the Company is more than 10 years into what was initially conceived as a 40-
16 year plan to address aging infrastructure and remove cast iron and bare and unprotected
17 steel mains from the Company's distribution system. In addition, based on publicly
18 available data, the Company has incurred over \$900 million in mains and service plant

⁸ Exhibit WG (C), Direct Testimony of Wayne A. Jacas at 39:17-22.

1 additions in the past three years.^{9,10} Yet, at its current pace the Company will not
2 eliminate cast iron from its system until the year 2094.¹¹ The efficiency and
3 effectiveness of the Company's spending must be questioned under these
4 circumstances.

5
6 **V. EFFECTIVENESS OF THE ACCELERATED PIPE REPLACEMENT PROGRAM**

7 **Q. PLEASE DESCRIBE WGL'S CURRENT PIPES 2 PLAN.**

8 A. The Company's current PIPES 2 Plan consists of six programs: (1) Bare and/or
9 Unprotected Wrapped Steel Services, (2) Bare and/or Unprotected Wrapped Steel Main
10 and Services, (3) Vintage Mechanically Coupled Main and Services, (4) Cast Iron Main,
11 (5) Copper Services, and (6) Work Compelled by Others.¹² In addition, under the PIPES
12 2 Plan, the Company installed marking technology to reduce third-party damage, and
13 also enhanced safety with the installation of Excess Flow Valves and Thermal Shutoff
14 Valves.¹³

⁹ The Office requested that WGL provide a breakdown of the total spending on distribution mains and service replacements, however, the Company objected to providing this information. *See* WGL Notice of Objection to OPC Data Request Nos. 1-7 and 1-8 (filed November 1, 2024).

¹⁰ Washington Gas Light Company's public Annual Report on FERC Form No. 2, 2021-2023, Acct 376 Mains Additions and Acct 380 Services Additions (\$272,257,553 + \$331,320,663 + \$308,410,357 = \$911,988,573).

¹¹ Order No. 220023, Beverley Partial Concurrence at ¶ 5.

¹² Exhibit WG (C), Direct Testimony of Wayne Jacas at 7.

¹³ *Id.* at 9.

1 **Q. HAS THE COMPANY BEEN EFFICIENT AT REPLACING PIPE UNDER THE**
2 **PIPES PROGRAM?**

3 A. No, not according to the Company. WGL has made limited progress in reducing the
4 total vintage materials on its system. Since the commencement of the PIPES Program
5 more than 10 years ago, the Company retired a total of 37.1 miles of main and
6 replaced/retired 7,457 services. This equates to 7% of miles of main and about 23% of
7 services retired or replaced.¹⁴ This is significantly less than the approximately 25% of
8 each that needed to be retired or replaced to be on target for the 40-year removal
9 timeline.¹⁵

10 In addition, the Company did not complete the work cost effectively. In 2023, the
11 average cost per mile of mains replacement was approximately \$8 million. This is \$2
12 million more than the average cost of pipe replacement during the entire PROJECT*pipes*
13 period (2014-2023).¹⁶ According to a U.S. Department of Energy (“DOE”) Report, the
14 cost of replacing cast iron and unprotected steel mains can range from \$1 million to \$5
15 million per mile depending on location.¹⁷ This figure takes into account that the cost of
16 replacing cast iron and unprotected steel mains is likely higher than other main types,
17 and that cast iron and unprotected steel pipe is primarily located in urban areas, where

¹⁴ Exhibit WG (A)-1, District SAFE Plan, at Page 27 of 42

¹⁵ *Id.*

¹⁶ *Id.*, Figure 12: Comparison Between Annual Nominal Average Cost Per Mile Retired and overall PROJECT*pipes* Average Cost Per Mile Retired.

¹⁷ U.S. Department of Energy, Office of Energy Policy and Systems Analysis, *Natural Gas Infrastructure Modernization Programs at Local Distribution Companies: Key Issues and Considerations*, January 2017, at page 6 of 78, available at: <https://energy.gov/epsa/downloads/natural-gas-infrastructure-modernization-programs-local-distribution-companies-key>.

1 the cost of excavation is typically higher. WGL's cost of pipe replacement over the past
2 ten years has been consistently higher than the upper range presented in the DOE
3 Report. Similarly, the cost per service only replacement was approximately \$25,000 in
4 2023, \$6,000 more than the average cost of service replacement during the
5 PROJECT*pipes* period.¹⁸

6
7 **Q. IS THE DISTRICT SAFE PLAN LIKELY TO IMPROVE THE COMPANY'S**
8 **EFFICIENCY IN REPLACING PIPE COMPARED TO PREVIOUS PLANS?**

9 A. No. The Company's own analyses indicate that the cost for mains and service
10 replacements will continue to increase. WGL is projecting that it will replace 12.4 miles
11 of main and retire 3,608 services¹⁹ over the course of the District Safe Plan at a cost of
12 \$215 million.²⁰ This is less than the 16.8 miles of main replaced²¹ and 3,697 services
13 retired²² under the PIPES 2 Plan, which also had a lower cost of \$150 million.
14 Essentially, WGL is requesting 43% more funding to complete less work. I also note
15 that while the Company has identified the District/DDOT policies that it claims have
16 contributed to the slower pace and higher cost of its replacement work, the Company

¹⁸ Exhibit WG (A)-1, Figure 13: Comparison Between Annual Nominal Average Cost Per Service Only Replacement and Overall PROJECT*pipes* Average Cost Per Service Only Replacement.

¹⁹ Exhibit WG (A)-1, District SAFE Plan, Table 5: Preliminary District SAFE Mileage and Service Replacement Forecast (2025 – 2027).

²⁰ Exhibit WG (A)-1, 4: District SAFE Replacement Program Funding.

²¹ Exhibit WG (A)-1, District SAFE Plan, Figure 9: Total Miles of Main Replaced Under PROJECT*pipes* by Material.

²² Exhibit WG (A)-1, District SAFE Plan, Figure 10: Number of Services Retired Under PROJECT*pipes* by Material.

1 has not identified any concrete solutions to these purported impediments.

2 The Company is proposing to utilize the JANA Lighthouse Integrity Management
3 Program (“JANA Lighthouse”), a new model for identifying high risk pipe, which
4 Company witness Aaron Stuber believes will improve the effectiveness of its pipe
5 replacement program;²³ however, I have reservations about the Company’s claims. I
6 will discuss this new model in greater detail later in my testimony.

7
8 **Q. DO YOU BELIEVE THE DISTRICT SAFE PLAN WILL BE MORE FOCUSED**
9 **AS REQUIRED BY ORDER NO. 22003?**

10 A. No. I see little reason to believe that the Company’s revised plan will be more focused
11 or narrowly-tailored going forward. I understand that the Company is no longer
12 breaking out its planned work into the six programs included in PIPES 2 and will instead
13 focus on replacing materials based on the JANA risk model. However, WGL has not
14 prepared a project list for any of the years of the District SAFE Plan. The Company
15 states that it will “file a proposed project list with the Commission upon receipt of an
16 order approving the District SAFE Plan.”²⁴ Given the March 1, 2025, start date of the
17 District SAFE Plan, this leaves little time for the Commission and other stakeholders to
18 evaluate the adequacy of the project list. In addition, since the Company has failed to
19 produce a project list in its application for the District SAFE Plan, intervening parties
20 are deprived of an opportunity to evaluate the necessity of the projects included in the

²³ Exhibit WG (D), Direct Testimony of Aaron Stuber at 12.

²⁴ Exhibit OPC (A)-2 at 1, WG Response to Sierra Club Data Request Question No. 1-2.

1 District SAFE Plan. This omission of evidence supporting the District SAFE Plan is
2 not responsive to the Commission's request to provide a more focused infrastructure
3 replacement plan.

4
5 **Q. DID WGL IGNORE ANY OTHER DIRECTIVES REQUIRED BY ORDER NO.**
6 **22003?**

7 A. Yes. The Company did not prepare an estimate of GHG emission reductions resulting
8 from the completion of District SAFE Plan investments.²⁵ Company witness Jacas
9 states that the Company is unaware of a method of tracking estimated leak reductions
10 and GHG emission reductions that considers actual condition, previous leaks, and pipe
11 material type.²⁶ Without providing the Commission's requested analysis, it is
12 impossible to determine if the District SAFE plan is in alignment with the District of
13 Columbia's long-term climate goals.

14
IV. CUSTOMER CHOICE PROGRAM

15 **Q. WHAT IS THE PURPOSE OF THE CUSTOMER CHOICE PROGRAM?**

16 A. In Order No. 22003, the Commission required the Company to balance the need to
17 replace pipe segment, while minimizing the potential for future stranded assets.²⁷ To
18 address this concern, the Company is proposing the Customer Choice Pilot Program.

²⁵ Exhibit OPC (A)-2 at 2, WG Response to OPC Data Request Question No. 1-15.

²⁶ Exhibit WG (C), Direct Testimony of Wayne Jacas at 17.

²⁷ Order No. 22003 at ¶ 48.

1 The program aims to provide customers with advance notice of District SAFE
2 replacement work, giving the customers a choice to opt-out of the replacement work so
3 long as they converted (or plan to convert) their home to an alternate fuel source. The
4 goal is to identify customers served from vintage facilities who no longer wish to receive
5 gas service. This will, in theory, help the Company avoid installing unnecessary
6 facilities.²⁸ I expect the Customer Choice program will lead to a further decline in
7 WGL customers and natural gas usage, which would mean that the District SAFE plan
8 expenditures will be shared amongst fewer customers.

9
10 **Q. DO YOU HAVE ANY CONCERNS WITH THE COMPANY'S PROPOSED**
11 **CUSTOMER CHOICE PROGRAM?**

12 A. Yes. I believe the proposed Customer Choice program designed by the Company is too
13 limited. As shown on Table 5: Preliminary District SAFE Mileage and Service
14 Replacement Forecast included in the District SAFE Plan, WGL is estimating that 3,608
15 customers will have service replacements from 2025 to 2027. Ostensibly, these
16 customers will all have opportunities to opt-out of future natural gas service from WGL,
17 thereby reducing the possibility of GHG emissions from their existing service lines and
18 all future service lines installed at their premises. However, 3,608 customers are only
19 about two and one half percent of the 144,239²⁹ WGL customers in the District.

20

²⁸ Exhibit WG (A), Direct Testimony of Jessica Rogers at 8-10.

²⁹ Washington Gas Light Company's public Annual Report on FERC Form No. 2, for the calendar year ended 2023, Page 301-DC, Account 484 Total Sales to Ultimate Customers.

1 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR IMPROVEMENTS TO**
2 **THE CUSTOMER CHOICE PROGRAM?**

3 A. Yes. As WGL will continue to perform Service Replacements outside of the District
4 SAFE Plan, I do not see a need to limit the Customer Choice program to only a subset
5 of WGL customers that will be impacted by the District SAFE plan. Instead, the
6 Company should extend the Customer Choice opt-out provision to all customers with
7 planned service replacements. The proposed model should be expanded to include all
8 customers impacted by a service replacement.

9 Additionally, the Company would benefit from proactively surveying its customers to
10 determine which customers intend to switch to alternative fuel sources in the near future.
11 This data could then be incorporated into future planning to make better determinations
12 about where future replacement work will be necessary and help avoid the potential for
13 additional stranded assets.

14

15 **Q. DO YOU HAVE ANY SAFETY CONCERNS WITH THE COMPANY'S**
16 **APPROACH TO THE CUSTOMER CHOICE PROGRAM?**

17 A. Regardless of whether a customer chooses to opt out of natural gas service, the
18 Company retains the responsibility to determine and address whether there is an exigent
19 circumstance that poses health and safety risks to customers or its system. In those
20 instances, the Company should replace the pipes. I recommend that in any
21 communications about the program, the Company should remind customers that they

1 should notify the Company of any leaks or other safety concerns even if they choose to
2 opt out.

3

VI. JANA LIGHTHOUSE INTEGRITY MANAGEMENT PLATFORM

4 **Q. IS THE COMPANY PROPOSING TO ALTER ITS METHODOLOGY FOR**
5 **IDENTIFYING HIGH RISK MAIN FOR REPLACEMENT?**

6 A. Yes. The Company is proposing to discontinue the use of its prior risk model, Optimain,
7 and, instead, use the JANA Lighthouse.

8

9 **Q. PLEASE DESCRIBE THE JANA LIGHTHOUSE INTEGRITY**
10 **MANAGEMENT PLATFORM?**

11 A. The JANA Lighthouse is a risk management solution designed for gas pipeline systems.
12 It uses a probabilistic, empirical model set that can determine which assets are most
13 likely to leak in the future and the associated risks. The program employs a bow-tie
14 threat-scenario structure to evaluate the range of possible causes and potential
15 consequence scenarios.³⁰

16

17 **Q. HOW DOES THE COMPANY INTEND TO USE JANA LIGHTHOUSE?**

18 A. JANA was used to produce the 2024 PROJECT*pipes* project list for mains and service
19 replacements. In 2025, the Company's project list will include both mains and services,
20 as well as service only projects, informed by the JANA Lighthouse risk model. The

³⁰ Exhibit WG (E), Direct Testimony of Ken Oliphant at 4-6.

1 JANA Lighthouse risk model will be used to develop subsequent project lists under the
2 proposed District SAFE Plan.³¹

3
4 **Q. DO YOU HAVE ANY CONCERNS REGARDING THE COMPANY'S**
5 **PROPOSED PLAN TO UTILIZE JANA LIGHTHOUSE?**

6 A. Yes. As discussed previously, WGL has already demonstrated its inability to complete
7 pipe replacement work in a timely and cost-effective manner. According to the
8 Company, JANA Lighthouse will be used to develop subsequent project lists under the
9 District SAFE Plan on an annual basis. Given the Company's historical lack of
10 efficiency, I am concerned that consistently revising project lists over the next three
11 years will lead to further delays and inefficiencies in project execution. Constant
12 revisions in project lists can lead to additional planning and permitting expenditures as
13 well as project delays. The lead times for obtaining necessary permits can extend for
14 multiple years for pipe replacement projects. Moreover, it is not clear how the
15 Company's proposal is consistent with the Order No. 22003³² and, in particular, the
16 Audit Report Recommendation 2.5 which requires WGL to develop a resource-loaded
17 schedule that is fully integrated across planning, budgeting, engineering, design,
18 permitting, construction, and close out, for the entirety of the accelerated mains
19 replacement program.³³

³¹ Exhibit WG (D), Direct Testimony of Aaron Stuber at 6.

³² Order No. 22003, Table 1 Summary of Continuum Recommendations; *see also* Attachment to Order No. 22003, Addendum: Audit Report at ¶ 7.

³³ *Id.*

1 Additionally, the Company has yet to demonstrate that JANA Lighthouse is superior to
2 its previous platform, Optimain, using historical data. Until the Company demonstrates
3 that the new modeling approach actually improves its ability to identify the riskiest
4 assets then the Commission should remain skeptical of any anticipated efficiencies.

5
6 **Q. WHAT ARE YOUR RECOMMENDATIONS WITH RESPECT TO JANA**
7 **LIGHTHOUSE?**

8 A. I recommend that WGL be directed to produce a project list for the entirety of the
9 District SAFE Plan period. This will allow interveners and the Commission to better
10 evaluate the need for the projects included in the Company's proposed plan and
11 determine if the funding levels proposed by the Company are necessary to maintain a
12 safe and reliable distribution system. Obviously, if the Company discovers an exigent
13 threat to safety or reliability not included in that project list, adjustments can be made
14 as necessary, subject to stakeholder review and Commission approval.

15 Additionally, in future filings, in order to demonstrate that the JANA Lighthouse
16 platform is cost-effective, the Company should be required to use historical data to
17 demonstrate that the JANA Lighthouse platform has outperformed the Optimain
18 platform by correctly identifying higher risk projects relative to the results that Optimain
19 would have obtained. If JANA Lighthouse demonstrates improvements, then those
20 benefits should be monetized and compared against the additional cost of the program
21 to determine if the JANA Lighthouse is cost-effective.

VII. DISTRICT SAFE PLAN SPENDING

1 **Q. WHAT SPENDING IS THE COMPANY PROPOSING IN THE DISTRICT**
2 **SAFE PLAN?**

3 A. In the District SAFE Plan, WGL proposes to continue to replace high-risk infrastructure
4 of vintage materials at a proposed rate of \$215 million over the next three years. This
5 represents an increase of \$65 million relative to the expenditures in the PIPES 2 Plan
6 (\$150 million).³⁴ While the Company is proposing one primary program, encompassing
7 all of the previously approved sub-programs, the Company ultimately states that it is
8 not fundamentally altering the District SAFE Plan from the approach under the PIPES
9 2 Plan, and that the primary difference is the increased rate of investment.³⁵ In other
10 words, and as described above, the Company is requesting additional expenditures to
11 accomplish less of the same tasks it was doing under the PIPES 2 plan.

12

13 **Q. WHAT IS THE MAGNITUDE OF ESTIMATED REPLACEMENTS THE**
14 **COMPANY INTENDS TO CONDUCT UNDER THE DISTRICT SAFE PLAN?**

15 A. I have summarized the estimated miles of main and service replacements under the
16 District Safe Plan in Table 3 below.

³⁴ Exhibit WG (A), Direct Testimony of Jessica Rogers at 5.

³⁵ Exhibit WG (C), Direct Testimony of Wayne Jacas at 13.

<u>Calendar Year</u>	<u>Miles of Main</u>	<u>Services Replaced</u>
2025	2.2	1,036
2026	2.5	1,298
2027	7.7	278
Total	12.4	2,612

Source: Exhibit WG (A)-1, Table 5: Preliminary District SAFE Mileage and Service Replacement Forecast

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As shown in Table 3, the Company is proposing to replace 12.4 miles of mains and 2,612 services during the District SAFE plan period. This is approximately 4.1 miles of mains and 871 services per year. This is less than the PIPES 2 plan averages of 5.6 miles of main and 1,232 services per year, despite the expenditures under the District SAFE plan increasing by 43%.

Q. WHAT ARE YOUR RECOMMENDATIONS WITH RESPECT TO THE DISTRICT SAFE SPENDING PLANS?

A. I recommend the District SAFE Plan expenditures be reduced to \$150 million over the next three years, the same level of expenditures approved in the PIPES 2 Plan. I have shown my adjustment in Table 4 below.

<u>Calendar Year</u>	<u>Company Proposed</u>	<u>Adjusted</u>	<u>Increase/(Decrease)</u>
2025	\$50,000,000	\$35,000,000	(\$15,000,000)
2026	\$75,000,000	\$52,000,000	(\$23,000,000)
2027	\$90,000,000	\$63,000,000	(\$27,000,000)
Total	\$215,000,000	\$150,000,000	(\$65,000,000)

1
2 As shown in Table 4, I have reduced the Company's proposed funding by roughly equal
3 percentages in each year to achieve a total funding level of \$150 million. The Company
4 was able to complete some work at previous funding levels, thus, there is no justification
5 or logic for dramatically increasing the amount of ratepayer money to obtain fewer miles
6 of mains and service pipe replacement.

7 There is no need to further accelerate investment at this time. The Company should be
8 challenged to first improve efficiencies in its infrastructure replacement programs in
9 order to improve upon historical levels of leak reductions. This can be accomplished by
10 replacing only the highest risk vintage material segments and requiring WGL to better
11 control program costs.

VIII. CONCLUSION

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

1 A. The Company has not responded to the Commission's directives in Order No. 22003.
2 Based on my review of the District SAFE plan, I do not see how the Commission can
3 find that the pipe replacement spending will be more targeted, will respond to the
4 District and Federal climate goals, or be more efficient. The Company has not
5 demonstrated that it is reasonable or prudent to accelerate aging infrastructure
6 replacement investment at this time. WGL has not demonstrated that it can improve the
7 historical inefficiencies in its infrastructure replacement program. As a result, I
8 recommend that the Commission should, in addition to any other action that the
9 Commission may take: (a) reject WGL's filing for noncompliance with Order No.
10 22003 and (b) direct the filing of a modified pipe replacement plan with specific projects
11 identified and without accelerated cost recovery because the PSC already noted in Order
12 No. 22003 that WGL is obligated to maintain system safety and reliability without
13 surcharge recovery. To the extent the Commission approves the District SAFE Plan,
14 the funding should be reduced by \$65 million to maintain historical rates of investment.
15 It would be imprudent to provide WGL with additional funding without demonstrating
16 customers' investments will be spent effectively and efficiently.

17

18 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

19 A. Yes, it does.

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

In the Matter of	§	
	§	
The Investigation into the Washington Gas Light Company's Strategically Targeted Pipe Replacement Plan	§	Formal Case No. 1179
	§	
	§	
	§	

AFFIDAVIT

I declare under penalty of perjury that the foregoing testimony was prepared by me or under my direction and is true and correct to the best of my knowledge, information, and belief.

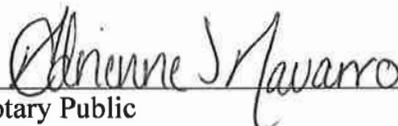

Colin T. Fitzhenry

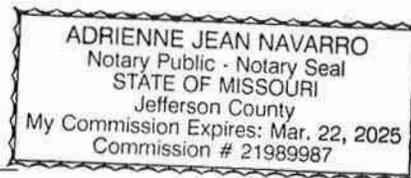
Subscribed and sworn to before me

This 10th day of December, 2024.

State of Missouri

County of St. Louis


Notary Public



My Commission expires: March 22, 2025

Qualifications of Colin T. Fitzhenry

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Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Colin Fitzhenry. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q PLEASE STATE YOUR OCCUPATION.

A I am an Associate in the field of public utility regulation with the firm of Brubaker & Associates, Inc. (“BAI”), energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A I received a Bachelor of Science in General Engineering from the University of Illinois Urbana-Champaign, which provided a broad background in mechanics and control systems. Prior to joining BAI, I served as an Engineer Intern for Dynegy Inc., where I was involved with generation operation at both Vermilion Power Station and Tilton Power Station.

Since joining BAI in January 2013, I have provided assistance in several regulated utility matters. Some of these include resource planning, transmission planning, fuel cost recovery, environmental compliance plans, mergers, asset transfers, electrical and commodity price forecasting, and power procurement.

The firm of Drazen-Brubaker & Associates, Inc. was incorporated in 1972 and assumed the utility rate and economic consulting activities of Drazen Associates, Inc., founded in 1937. In April, 1995 the firm of Brubaker & Associates, Inc. was formed.

1 It includes most of the former DBA principals and staff. Our staff includes consultants
2 with backgrounds in accounting, engineering, economics, finance, mathematics,
3 computer science and business.

4 Brubaker & Associates, Inc. and its predecessor firm have participated in over
5 700 major utility rate and other cases and statewide generic investigations before
6 utility regulatory commissions in 40 states, involving electric, gas, water, and steam
7 rates and other issues. Cases in which the firm has been involved have included more
8 than 80 of the 100 largest electric utilities and over 30 gas distribution companies and
9 pipelines.

10 While the firm has always assisted its clients in negotiating contracts for utility
11 services in the regulated environment, increasingly there are opportunities for certain
12 customers to acquire power on a competitive basis from a supplier other than its
13 traditional electric utility. The firm assists clients in identifying and evaluating
14 purchased power options, conducts RFPs and negotiates with suppliers for the
15 acquisition and delivery of supplies. We have prepared option studies and/or
16 conducted RFPs for competitive acquisition of power supply for industrial and other
17 end-use customers throughout the United States and in Canada, involving total needs in
18 excess of 3,000 megawatts. The firm is also an associate member of the Electric
19 Reliability Council of Texas.

20 In addition to our main office in St. Louis, the firm also has branch offices in
21 Corpus Christi, Texas; Louisville, Kentucky and Phoenix, Arizona.

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

WASHINGTON GAS LIGHT COMPANY

FC 1179

WASHINGTON GAS'S RESPONSE
AND/OR NOTICE OF OBJECTION/UNAVAILABILITY TO
THE SIERRA CLUB

SIERRA CLUB DATA REQUEST NO. 1

QUESTION NO. 1-2

- Q.** Referring to Exhibit WG (A)-1, Table 4: District SAFE Replacement Program Funding, provide the project list with their respective project estimates with unit pricing by activity that comprise the \$50,000,000 Program Funding

WASHINGTON GAS' RESPONSE

11/15/2024

- A.** Due to the extension of PROJECT *pipes* and the uncertainty surrounding the program parameters for District SAFE, the Company does not have a project list currently available at the \$50 million of requested program funding. Washington Gas will file a proposed project list with the Commission upon receipt of an order approving the District SAFE Plan.

SPONSOR: Wayne A. Jacas, PMP
Director, Construction Program Strategy and Management

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

WASHINGTON GAS LIGHT COMPANY

FC 1179

WASHINGTON GAS'S RESPONSE
AND/OR NOTICE OF OBJECTION/UNAVAILABILITY TO
THE OFFICE OF PEOPLE'S COUNSEL

OPC DATA REQUEST NO. 1

QUESTION NO. 1-15

- Q.** Please refer to the direct testimony of Jessica Rogers at page 7, lines 24 and 25, and provide any estimates of GHG emission reductions prepared by or for the Company that will result from the completion of District SAFE Plan investments.

WASHINGTON GAS'S RESPONSE

11/15/2024

- A.** The Company did not prepare an emissions analysis for the facilities that may be replaced during the three years proposed in FC 1179.

SPONSOR: Jessica R. Rogers
Vice President, Regulatory and Climate Strategy

CERTIFICATE OF SERVICE

Formal Case No. 1179, In the Matter of the Investigation into Washington Gas Light Company's Strategically Targeted Pipe Replacement Plan

I certify that on December 10, 2024, a copy of the *Office of the People's Counsel for the District of Columbia's Direct Testimony and Exhibits* was served on the following parties of record by hand delivery, first class mail, postage prepaid or electronic mail:

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/s/ Ade Adeniyi
Ade Adeniyi
Assistant People's Counsel