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**LiUNA Mid-Atlantic Regional Organizing Coalition**

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December 10, 2024

**Via Electronic Filing**

Ms. Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 G Street N.W., Suite 800  
Washington, DC 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:

On behalf of the Philadelphia-Baltimore-Washington Laborers' District Council ("PBWLDC"), I enclose for filing the Direct Testimony of Julio Paloma in the case referenced above. If you have any questions regarding this filing, please contact me.

Very truly yours,

/s/ Brian J. Petruska

Brian J. Petruska



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1 **I. Introduction**

2 **Q. State your name, affiliation, and address.**

3 **A:** My name is Julio Palomo. I am the Business Manager and President of Local 11 of the  
4 Laborers International Union of North America (“Laborers” or “LIUNA”). Our local  
5 union recruits, trains, and dispatches workers to construction projects in the District of  
6 Columbia. The local’s address is 9104 Old Marlboro Pike, Upper Marlboro, MD 20772.  
7 The membership of Local 11 is reflective of the District’s diverse community. We are  
8 the largest organization of African American construction workers in the District.  
9 Members of our local receive free training, living wages, affordable health insurance, and  
10 a retirement plan.

11 **Q. On whose behalf are you testifying?**

12 **A.** I am testifying on behalf of the Philadelphia-Baltimore-Washington Laborers’ District  
13 Council (“PBWLDC”). PBWLDC is a democratic labor organization that represents  
14 approximately 12,000 workers in the Philadelphia, Northern Virginia, and Washington,  
15 D.C. area, including hundreds of workers who reside in the District of Columbia. The  
16 district council is an affiliate of the Laborers International Union, which represents half a  
17 million workers throughout the United States and Canada. Approximately one-third of  
18 construction work performed by LIUNA members is in the energy sector.

19 Local 11 is one of the member locals of PBWLDC, and represents approximately  
20 800 workers who are laborers for utility construction contractors employed by  
21 Washington Gas Light Company (“WGL”), such as Miller Pipeline, Infrasource, and U.S.  
22 Pipeline. Based on publicly available information, we estimate LIUNA members

1 perform nearly all of WGL's pipe replacement and installation activities, including its  
2 accelerated pipe replacement activities under PROJECT PIPES. In this testimony, I will  
3 refer to the local, district council, and international union interchangeably as the  
4 Laborers.

5 **Q: Please summarize your background and professional experience.**

6 **A:** I have been involved in the construction industry for more than 20 years. I began my  
7 career in the construction industry in Chicago, Illinois in 1998. I have worked in  
8 the field as an apprentice laborer, journeyman laborer, and organizer. From 2015  
9 through May 31, 2020, I served as Assistant Business Manager of LIUNA Local 11.  
10 From June 2020 until March 2023, I served as the Business Manager of the Baltimore-  
11 Washington Laborers' District Council. I then served in an assistant role with the District  
12 Council until March 2024, when I became the Business Manager and President of Local  
13 11.

14 **Q: What are your duties and responsibilities in your current position?**

15 **A:** As President and Business Manager, I negotiate collective bargaining agreements with  
16 contractors, maintain and expand partnerships in the construction industry, represent  
17 members in the final stages of employment disputes, manage the local's external affairs,  
18 oversee the daily operations of the local, and represent our members' interests in the  
19 community. I also serve as a Union trustee on a number of trust funds.

20 **Q. What is the purpose of your testimony?**

21 **A.** The purpose of my testimony is to describe the work Laborers' members perform on  
22 WGL's system, the importance of contractor crews to safety and reliability, and to detail

1 the value of these jobs to the District's economy. My testimony recommends that the  
2 Commission approve WGL's District SAFE Plan and surcharge recovery mechanism in  
3 order to ensure the continued safe and reliable operation of the District's gas  
4 infrastructure. I recommend the Commission approve WGL's proposed District SAFE  
5 plan and increase contractor staffing levels sufficient to ensure WGL has the requisite  
6 skilled workforce to replace the highest-risk pipes.

## 7 **II. Role of Contractors in Delivery of Utility Services**

8 **Q. Please describe the work Laborers' members perform for Washington Gas in the**  
9 **District of Columbia.**

10 **A.** The Laborers represent approximately 800 workers who work for utility construction  
11 contractors employed by WGL, such as Infrasource Underground Services, LLC, Miller  
12 Pipeline, and U.S. Pipeline. Nearly all of WGL's pipe replacement activities are  
13 performed by Laborers' members, including accelerated pipe replacement activities under  
14 PROJECT PIPES.

15 For a WGL pipeline project, the typical construction crew is comprised of a  
16 foreman, a pipefitter or welder, 1-2 general construction laborers, a heavy equipment  
17 operator, and 1-2 traffic control operators. Of these classifications, the pipefitter or  
18 welder is a laborer, and both the foreman and traffic control operator may also be  
19 laborers. Most of WGL's contracted-out construction workforce are members of the  
20 Laborers' Union.

21 **Q. Please describe the relationship between the Laborers and Washington Gas' union**  
22 **construction contractors.**

1 A. In the District, Laborers' members are employed by national utility distribution  
2 contractors such as those mentioned above. The Laborers' signatory contractors are well-  
3 established companies that specialize in utility construction activities for natural gas and  
4 electric companies across the country, and are members of the Distribution Contractor's  
5 Association ("DCA"). The Laborers have a national collective bargaining agreement with  
6 the DCA that applies to all distribution pipeline and utility construction, including  
7 underground distribution facilities for public or private utilities in the United States. The  
8 National Distribution Agreement covers repair, maintenance, construction, installation,  
9 treating and reconditioning of distribution pipelines transporting coal, gas, oil or other  
10 similar materials, vapors or liquids, as well as work on conduit, communication/data lines  
11 and power lines within cities, towns, subdivisions, suburban areas, or private property.

12 **Q. How does the National Distribution Agreement address safety protocols for pipeline**  
13 **projects?**

14 A. First, the partnership with the DCA means union contractors have ready access to  
15 thousands of highly skilled craft labor who have experience building and repairing  
16 distribution pipelines in every region of the country. The National Distribution  
17 Agreement also means workers employed on these projects develop an expertise with  
18 pipeline specific construction processes that they bring to every project regardless of  
19 owner or contractor. The agreement establishes wages and benefits for all construction  
20 trades that reflect workers' experience and skills, and are sufficient to sustain workers  
21 with long-term careers.

1           Second, the National Distribution Agreement contains several key provisions that  
2 are beneficial for ensuring safe and qualified labor on pipeline projects like those  
3 undertaken by WGL, including,

4           1. Experienced Workforce: The agreement allows employers to retain key  
5 employees and hire through union referrals, ensuring access to experienced  
6 workers familiar with pipeline construction.

7           2. Safety Prioritization: Employers can establish and enforce safety rules, and  
8 must provide necessary safety equipment, promoting a culture of safety on job  
9 sites.

10          3. Specialized Training: The inclusion of apprenticeship provisions helps develop  
11 a skilled workforce specifically trained in pipeline construction techniques.

12          4. Flexibility for Employers: The ability to use labor-saving devices and adjust  
13 crew compositions allows for efficient and safe project execution.

14          5. Dispute Resolution: Clear procedures for resolving conflicts help maintain a  
15 stable work environment and address safety concerns promptly.

16          6. Non-Discrimination: Equal opportunity provisions ensure a diverse workforce,  
17 potentially bringing varied skills and perspectives to safety practices.

18          7. Rapid Staffing: Quick referral requirements help projects maintain adequate  
19 staffing levels, reducing the risk of overwork or use of unqualified personnel.

20          8. Operator Qualification: LIUNA and the DCA agree to work cooperatively to  
21 ensure Operator Qualification standards are met as required.

22          9. Substance Abuse Policy: The agreement establishes a comprehensive substance  
23 abuse policy that includes provisions for pre-employment, random, post-accident,

1 and reasonable suspicion drug and alcohol testing. The policy aims to maintain a  
2 drug-free workplace and ensure worker safety.

3 By providing a framework for hiring qualified workers, prioritizing safety, and  
4 establishing clear work rules, this agreement supports WGL's ability to execute pipeline  
5 projects with a focus on safety and quality workmanship.

6 **Q. Please describe the extent of WGL's use of outside, contractor employees in the  
7 conduct of its operations.**

8 **A.** Outside contractor employees play a significant role in the provision of safe and reliable  
9 utility services to the public. WGL relies on Operator Qualified contractors for pipeline  
10 construction and replacement services. The Company has multi-year contracts with  
11 pipeline contractors for DC-based work. This arrangement enables external contractors to  
12 make the investments necessary to ensure there are sufficient qualified workers to meet  
13 program requirements across WGL's service territory. According to a WGL data response  
14 in Formal Case 1154, WGL anticipated 20 contractor crews to perform PIPES 2 projects  
15 in the District in 2024.<sup>1</sup>

16 **Q. Are there labor standards for WGL construction activities?**

17 **A.** Yes, WGL's contractor workforce is highly qualified and experienced in performing this  
18 specialized work. All workers must be operator-qualified, requiring extensive training  
19 and certification in identifying and responding to abnormal operating conditions. WGL's  
20 contractors must have their own Operator Qualification Plan that is approved by WGL,  
21 and contractors must qualify workers on covered tasks consistent with WGL's Operator

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<sup>1</sup> Formal Case No. 1154, BWLDC DATA REQUEST NO. 1, QUESTION NO. 1-5, May 7, 2020.

1 Qualification Plan. Moreover, WGL has enhanced its Operator Qualification Program,  
2 including: heightened qualification skill and knowledge evaluations, requirements for  
3 Washington Gas appointed proctors for all OQ knowledge exams, established protocols  
4 around waiting periods after training and failures, and improved qualification integrity  
5 and security protocols.

6 In addition, Washington Gas provides robust oversight of contractors. The  
7 Company has a Quality Management Plan that includes oversight processes and  
8 checklists to ensure conformance to construction standards. Field observations are  
9 conducted and documented to verify adherence to quality standards during pipeline  
10 construction and maintenance. Quality Observers within Washington Gas Construction  
11 and Operations conduct oversight.

12 Lastly, in addition to utility-mandated requirements and training by contractors,  
13 the Company's unionized workforce has access to free apprenticeship and training  
14 opportunities. The Laborers and our employer partners have met the workforce needs of  
15 the construction industry through self-funded training infrastructure and registered  
16 apprenticeship programs for decades. Nationally, we invest about \$100 million annually  
17 in skills training for construction workers through more than 70 mobile and fixed training  
18 centers. LIUNA began training pipeline laborers in 1996, and has revised its curriculum  
19 multiple times since then to reflect regulatory changes, and industry standards. Our  
20 National Training Center hosts a Pipeline Technology Training Course that is 64 hours  
21 with approximately 60% of training time devoted to hands-on practice of various tasks.  
22 Training topics include environmental protection, skid crew, coating crew, crossing roads  
23 and rivers, testing crew, clean up and restoration. Hands-on exercises cover several

1 activities including: securing loads with straps and binders, installing silt fences, applying  
2 coating, coating repair, using a Holiday Detector to insure coating integrity, and cad  
3 welding for cathodic protection. At the end of the training, participants learn 228 specific  
4 course objectives. LIUNA Training also provides a number of other classes related to  
5 pipeline work, including pipe laying, OSHA 10 and 30 certificate courses, confined space  
6 awareness, and cutting and burning and fire watch, to name a few.

7 **Q. Does it take time to build the crews necessary to perform WGL pipeline activities?**

8 **A.** Yes. Union contractors invest significant resources to qualify its workforce for these  
9 activities. These workers are required to pass drug tests, and demonstrate competency on  
10 a number of tasks.

11 **Q. Do the training standards for gas work have an impact on the local economy?**

12 **A.** Yes, the training standards lead to higher wages and benefits standards on gas work than  
13 are present in other forms of utility work. We see this in the comparison between  
14 compensation levels of Pepco contractor crews and WGL crews.

### 15 **III. Economic Benefits and Audit Findings**

16 **Q. What are the economic benefits of WGL construction jobs to the District's**  
17 **economy?**

18 **A.** For Laborers' members, many of whom are long-time District residents without a college  
19 degree, the pool of quality job opportunities is limited. The construction jobs supported  
20 by Washington Gas help sustain working families and promote a higher quality of life  
21 compared to lower-paid jobs in other sectors of the economy. For many workers and

1 their families, these jobs represent stable, middle-class employment that provide  
2 affordable family health insurance, and a retirement benefit.

3 **Q. How have interruptions in pipeline replacement work affected LIUNA members in**  
4 **the past?**

5 **A.** Yes, there have been layoffs in the gas distribution industry throughout the past year. In  
6 December of 2023, over 400 construction workers were laid off. There were additional  
7 layoffs in April 2024. Many of our members suffered financial setbacks as a result. The  
8 layoffs not only caused economic hardship for our members, but it caused our contractor  
9 to lose operator-qualified construction workers.

10 **Q. Why do interruptions in pipeline replacement work reduce the availability of OQ-**  
11 **certified crews?**

12 **A.** In the event of a layoff, OQ-certified workers are placed on the "out-of-work" list at the  
13 union hall, and are dispatched to the first available job which may or may not be a gas  
14 project. For example, there are hundreds of Laborers employed to build the Purple Line  
15 Metro Project. If workers are deployed to a construction job like the Purple Line that is  
16 not gas distribution work, the workers will not be able to maintain their OQ certification,  
17 because the OQ training is provided by the gas distribution contractors. This means that  
18 WGL's contractors will have to recertify that employee in advance of working on another  
19 gas project in the future. My understanding is that it can take weeks to get certified on  
20 one task. If there are dozens of covered tasks required, it could take several months for  
21 that employee to get recertified.

22 **Q. Do you have any other issues you would like to share with the Commission?**

1       A. Yes. As PBWLDC stated in its comments on Continuum Capital's Independent  
2       Management Audit Report of WGL's PIPES 2 Plan, Continuum found that WGL has  
3       been compliant with Commission's orders under PIPES 2, and that the work has been  
4       “managed and completed prudently with sound engineering judgment and construction  
5       integrity, including the quality of installation and construction, the accuracy of the cost  
6       estimates, the reasons for cost variances, and the reasonableness of actual costs.” In fact,  
7       Continuum performed a series of six tests and found that WGL passed each of these six  
8       tests.<sup>2</sup> Through PROJECT PIPES, WGL has reduced risk and enhanced safety by  
9       replacing aging, corroded, or leaking infrastructure as required.

#### 10   **IV. Recommendations**

11   **Q. Please summarize your recommendations to the Commission.**

12   **A.** First, neither Continuum nor Liberty Consulting Group found problems with construction  
13   integrity or the quality of installation and construction. In our view, WGL has  
14   implemented the program in a manner that achieves the primary goals of risk reduction  
15   and safety enhancement. The Company's current model of employing qualified contractor  
16   crews to perform accelerated pipe replacement activities should be unchanged.

17               Second, the Commission has previously acknowledged that there is "an imminent  
18   threat to public safety that requires WGL to continue to replace leak-prone, aging  
19   infrastructure." WGL has made some progress to replacing at-risk pipe, but the work is

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<sup>2</sup> *Formal Case No. 1154, In the Matter of Washington Gas Light Company's Application for Approval of PROJECTPIPES 2 Plan, ("Formal Case No. 1154"), Independent Management Audit of PROJECTPIPES 2 Final Report, December 12, 2023 ("Continuum Audit"), at 2.*

1 far from over. The District has 472 miles of high-risk pipeline, including 411 miles of  
2 cast-iron and unprotected steel mains. Cast-iron mains are twice as likely to cause  
3 fatalities and injuries. With significant at-risk pipe and services remaining, the  
4 Commission should be accelerating the pipe replacement program and cost recovery.  
5 Replacing these aging, leak-prone pipes will significantly enhance public safety by  
6 reducing the risk of gas leaks and explosions.

7 The District SAFE Plan incorporates lessons learned from previous programs and  
8 addresses key recommendations from audits, including risk prioritization. The plan uses  
9 an advanced risk model (JANA Lighthouse) to target the highest-risk pipes, addressing  
10 concerns about project selection and prioritization. The Commission should approve  
11 WGL's proposed District SAFE plan while providing flexibility to the Company to  
12 accelerate beyond current levels, and establish contractor staffing levels at a minimum of  
13 40 contractor crews to ensure WGL has the requisite skilled workforce to replace the  
14 highest-risk pipes.

15 **Q. Why are you recommending 40 contractor crews for District SAFE?**

16 **A.** As stated above, WGL projected it needed 20 crews in 2024 on its accelerated pipe  
17 replacement activities. We believe doubling the number of crews ensures the Company  
18 has the skilled labor it needs to ramp up. The Commission should approve WGL's  
19 proposed District SAFE plan and establish contractor staffing levels at a minimum of 40  
20 contractor crews to enable prioritization of replacing the highest-risk, most leak-prone  
21 pipes in WGL's system which is crucial for protecting public safety and preventing  
22 potentially catastrophic gas leaks or explosions.

23 **Q. Does this conclude your Direct Testimony?**

1 A. Yes.

**CERTIFICATE OF SERVICE**  
**Formal Case No. 1179**

I hereby certify on this 10th day of December, 2024, that the Direct Testimony of Julio Paloma on behalf of the Philadelphia-Baltimore-Washington Laborers' District Council ("PBWLDC") in Formal Case No. 1179 was electronically filed and copies were electronically transmitted to the service list below:

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/s/ Brian J. Petruska

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