

COUNCIL OF THE DISTRICT OF COLUMBIA THE JOHN A. WILSON BUILDING 1350 PENNSYLVANIA AVENUE, NW WASHINGTON, DC 20004

Charles Allen Councilmember, Ward 6 Chairperson Committee on Transportation and the Environment Committee Member Business and Economic Development Health The Judiciary & Public Safety

February 11, 2025

VIA ELECTRONIC MAIL AND E-FILING

Chair Emile C. Thompson Commissioner Richard A. Beverly Commissioner Ted Trabue Public Service Commission of the District of Columbia 1325 G Street N.W., Suite 800 Washington, D.C. 20005

<u>Re: Gas Infrastructure Replacement During the Clean Energy Transition</u></u>

Dear Chair Thompson, Commissioner Beverly, and Commissioner Trabue:

The D.C. Council is committed to ensuring that District residents receive safe, cost-effective, and clean power. We commend your decision in Formal Case Nos. 1154, 1175, and 1179 rejecting Washington Gas Light Company's PROJECT*pipes* 3 application.¹ Unfortunately, instead of using ratepayer funds for a more feasible proposal, Washington Gas Light ("WGL") continues to propose exorbitant expenditures that would increase utility costs for residents or place additional financial obligations on the District. Moving forward, we recommend that the Public Service Commission ("the Commission") instruct WGL to prioritize repairing only those gas pipe segments necessary for keeping District communities out of harm's way. Furthermore, we urge the Commission to reject WGL's District Strategic Accelerated Facility Enhancement ("District SAFE") plan, and request that the Commission take more proactive steps to ensure WGL is moving towards electrification, commonsense reduction in natural gas use, and safe operation for District residents.

WGL's District SAFE plan does not adequately respond to several concerns raised in Order No. 22003, nor does it meaningfully advance the goal of providing both safe and reliable power to District residents. First, the Order issued a clear directive to the gas utility to develop a "narrowly focused" plan that is more costeffective for ratepayers and more clearly advances the District's goal of achieving a 60% reduction in greenhouse gas emissions by 2030 (or the even more ambitious targets set for 2045).¹ The District SAFE proposal, however, is 43% more costly than the currently approved phase of PROJECT*pipes*. These costs totaling \$215 million for the three-year plan—would be passed on to ratepayers through surcharges that

¹ See Public Service Commission, Order No. 22003 (June 12, 2024), available at <u>https://edocket.dcpsc.org/apis/api/Filing/download?attachId=206883&guidFileName=8abcb06b-def7-4421-b43b-39393ead96d7.pdf</u>.

economically burden District residents. Half of low-income households in the District already spend 7.5% or more of their income on energy bills—over twice as much as what non-low-income households pay as a share of their income. District SAFE thus represents an unacceptable investment in a natural gas distribution system that disproportionately burdens low-income households.

In Order No. 22003, the Commission declared that the "new normal" for energy distribution is "electrification and targeted replacement as opposed to the complete replacement of over 400 miles of aging, high-risk pipelines." Yet WGL's District SAFE proposal continues to focus on comprehensive pipeline replacement, which presents incredibly high costs per mile (\$9.8 million and \$8.4 million per mile for steel and cast-iron main replacement, respectively) for assets that may ultimately be abandoned as natural gas usage continues to decline. In contrast to widescale pipeline replacement, targeted leak repair is estimated to be 25 times cheaper.² At a minimum, WGL's proposed expenditures deserve scrutiny to avoid saddling ratepayers with the costs of soon-to-be obsolete infrastructure.³ Ideally, however, WGL would instead develop a new strategic plan that focuses on reasonable pipeline retirement in the short-term while supporting the District's longer-term vision for electrification.

Beyond monitoring costs to ratepayers, Order 22003 also noted that the "Commission is responsible for ensuring that the utilities that we regulate adopt programs to assist the District in reaching its climate goal of 85% greenhouse gas emission reductions by 2040 . . . and carbon neutrality by 2045."⁴ Widescale replacement of, or expansions to, WGL's natural gas pipeline network are inconsistent with these goals. If adopted, District SAFE will dramatically slow the District's transition to clean energy while saddling District residents with the costs of maintaining outdated infrastructure.

Thank you for your continued regulation of the District's utilities, and for your support of the District's clean energy transition. We recommend that the Commission reject Washington Gas's District SAFE proposal and direct the company to comply with the directives listed in Order No. 22003. Furthermore, we ask the Commission to build out comprehensive planning for an energy future that benefits District residents and the air we breathe. If there are any ways we can assist the Commission, please do not hesitate to reach out.

Sincerely,

² Department of Energy and Environment, *Strategic Electrification in Washington, D.C.: Neighborhood Case Studies of Transition from Gas to Electric-Based Building Heating* (2023), available at https://doee.dc.gov/sites/default/files/dc/sites/ddoe/page_content/attachments/Strategic%20Electrification%20Roadmap-reducedsize.pdf.

³ Residential natural gas use has declined by 28% since 2018, continuing the reduction in demand for natural gas. *See* U.S. Energy Information Administration, *Natural Gas Consumption by End Use* (last accessed January 24, 2025), *available at* <u>https://www.eia.gov/dnav/ng/ng cons sum dcu sdc a.htm</u>.

⁴ See Order No. 22003, supra, note 1. The PSC's mandate is presumably based on the express climate mandates enshrined in law, including the Climate Commitment Amendment Act of 2022, which established a bedrock mandate for the District to reduce greenhouse gas emissions from both public and private sources to a "level consistent with carbon neutrality by 2045." And in 2018, the Council passed the Clean Energy DC Omnibus Amendment Act requiring that the Public Service Commission "consider the public safety, the economy of the District, the conservation of natural resources, and the preservation of environmental quality, including effects on global climate change and the District's public climate commitments." Similarly, Mayor Bowser has pledged the District to strong climate and carbon neutrality goals by 2050.

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Copy: Mayor Muriel Bowser; Richard Jackson, Director, Department of Energy and Environment