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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL

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Public Advocacy Division
Housing and Environmental Justice Section

E-Docketed

PUBLIC VERSION

January 21, 2026

Ms. Brinda Westbrook-Sedgwick
Secretary of the 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 Program.

Dear Ms. Westbrook-Sedgwick:

On behalf of the District of Columbia Government (DCG), please find a Public version of the District of Columbia Government's Post-Hearing Brief in the above-captioned matter. A Confidential version of this document is being filed under separate cover. If you have any questions regarding this filing, please contact the undersigned.

Sincerely,

BRIAN L. SCHWALB
Attorney General

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF:

The Investigation into Washington Gas Light	**)**	
Company's Strategically Targeted Pipe	**)**	**Formal Case 1179**
Replacement Plan	**)**	

DISTRICT OF COLUMBIA GOVERNMENT'S POST-HEARING BRIEF

Pursuant to Rule 137 of the Public Service Commission of the District of Columbia's (Commission) Rules of Practice and Procedure, 15 D.C.M.R. § 137 *et. al.*, and Order No. 22767, the District of Columbia Government (DCG or the District), through the Office of the Attorney General, respectfully submits its Post-Hearing Brief to oppose Washington Gas Light Company's (WGL or the Company) proposed District Strategic Accelerated Facility Enhancement (District SAFE) accelerated pipe replacement program.

At every level, the District SAFE Plan does not meet the Commission's directives. District SAFE is simply a more expensive continuation of PROJECTpipes with fewer guardrails. At a time when many District residents are struggling with an affordability crisis that is exacerbated by skyrocketing energy costs, the District SAFE Plan would accelerate the unsustainable trend of paying more for less, burdening gas ratepayers with increasingly expensive bills as gas demand continues to decline.[1] Fortunately, there are alternative models for

[1] For example, the average usage Pepco residential customer's bill in DC increased by roughly $31 dollars per month over the course of 2025 due to distribution and supply charge increases: https://spotlightdc.org/pepco-makes-millions-rate-increases/#:~:text=Pepco's%20May%20revenue%20was%20more,misspending%20at%20least%20$94%20million

gas planning and risk mitigation from other states that the Commission can follow. Instead of approving the District SAFE Plan, the Commission should initiate a long-term gas planning proceeding that encompasses pipe replacements. A properly designed proceeding will ensure that pipe replacements are strategically planned to optimize cost-efficiency, risk reduction in both the short and long term, and coordination with the District's climate initiatives designed to achieve the District's statutory climate commitment of carbon neutrality by 2045 – *less than twenty years from now*.

I. INTRODUCTION

In rejecting WGL's bid for a third iteration of the PROJECT*pipes* program (PIPES), the Commission reminded the Company that it "is obligated to maintain the safety and reliability of the gas distribution system with or without surcharge recovery,"[2] Finding "thin" evidence to support WGL's claim that the PIPES program and associated surcharge had or would meaningfully contribute to safety, reliability, or reduced greenhouse gas (GHG) emissions on its system, the Commission directed the Company to file a new accelerated pipe replacement plan (APRP) application.[3] Acknowledging the ongoing energy transition and climate commitments of the District, as well as the unsustainable growth in pipe replacement costs, the Commission instructed WGL to restructure its APRP program to reflect a "'new normal' (i.e., electrification and targeted replacement as opposed to the complete replacement of over 400 miles of aging, high risk pipelines)."[4]

To eliminate any doubt of what it meant or expected from WGL in the new application, the Commission enumerated eighteen (18) items demonstrating both (a) lessons learned by the

[2] F.C. 1179, Order No. 22003, ¶44.
[3] *Id.*
[4] *Id.* ¶ 49.

Company from ten (10) years of administering PROJECT*pipes,* and (b) alignment with the District's climate commitments. These items were in addition to the requirement that accelerated pipe replacement activity be limited to and, consistent with the Pipeline Hazardous Material Safety Administration's (PHMSA) call to action, narrowly focused on the highest risk pipes based on age and material.[5]

In response to the Commission's directives outlined in Order No. 22003, WGL filed the District SAFE Plan.[6] The actual "plan" is roughly 41 pages and only contains a total annual budget amount for each of the three program years and the estimated miles of main/number of services the Company expects to replace.[7] There is no further information on how much cast iron or bare steel pipe WGL intends to replace, despite the fact that the Company's primary justification for the program is the risk of these two vintage pipe materials prioritized by PHMSA.[8] Instead, WGL states that it will now exclusively use a "risk-reduced-per-dollar spent" metric to select and prioritize pipe replacements.[9] In other words, there is nothing in the District SAFE Plan to evaluate.

Not only did WGL fail to submit an actual plan, the District SAFE application is also plainly noncompliant with many of Order No. 22003's explicit directives. As meticulously captured by Attachment A to Commissioner Beverly's dissent in Order No. 22367, District SAFE totally or partially fails to comply with just about every single one of the eighteen (18) directives

[5] *Id.* at ¶43, *citing* PSE2024-01, PHMSA Letter to Chairman Thompson, filed May 13, 2024, regarding CY 2023 pipeline safety program and progress report reviews (noting that according to PHMSA's records, there was a total of 392.56 miles of cast iron mains remaining in CY 2023 in the District of Columbia).
[6] FC 1179, WGL's Revised Application for Approval of The District Strategic Accelerated Facility Enhancement ("District SAFE") Plan, filed Sept. 27, 2024.
[7] District SAFE Application, pg 30-31.
[8] Testimony of Witness Quarterman, pg 10-16.
[9] District SAFE Application, pg 30.

in Order 22003.[10] DCG incorporates by reference herein Attachment A and will not repeat all the ways District SAFE violates Commission Order No. 22003.

Equally as important, District SAFE is also demonstrably noncompliant with the Commission's overarching instruction to submit an APRP that is more cost-effective, strategically focused on the highest-risk pipes, and more aligned with the District's climate policies.

However, instead of dismissing the District SAFE application for its noncompliance with Order No. 22003, as urged by DCG, OPC, AOBA and Sierra Club in their January 9, 2025 Joint Motion to Dismiss, the proceeding continued for an additional year. Despite having over 16 months of prove the merits of its case, with added rounds of testimony and discovery, the District SAFE Plan is still non-compliant with Order No 22003. And while the parties waited for WGL to prove its case, the Company was given multiple extensions of its PIPES 2 program through June 30, 2026, which should have expired on December 31, 2023 (the same program the Commission stated in Order No. 22003 was no longer compatible with the new normal). Thus, the District of Columbia gas ratepayers will have paid WGL a total of $117.5 million by June 2026, in additional PIPES 2 surcharges while the Company floundered to show the explain the benefits of its flawed District SAFE program.[11]

In addition to its noncompliance with Order No. 22003, the District SAFE Plan doubles down on a risk reduction strategy that is deeply flawed. By limiting itself to a replacement-based strategy for addressing leak prone pipes, WGL's proposal will continue to reduce risk at a rate that is too slow to effectively improve safety and too expensive to be sustainable for ratepayers.

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[11] A Joint Petition for Reconsideration of Order No. 22746 filed by DCG, OPC and Sierra Club challenging the latest $25 million PIPES 2 extension through June 30, 2026, is still pending as of the filing of this Post-Hearing Brief.

The only way to address risky pipes faster and more cost-effectively, is to incorporate alternatives like repair and Non-Pipeline Alternatives (NPA). As detailed in Witness Botwinick's testimony, and later on in this brief, the "Customer Choice Pilot" is not designed to be an effective NPA.

Even within WGL's replacement-based limits, WGL is not executing the most cost-effective approach to risk reduction. By examining WGL's approach to risk ranking and project selection in the PROJECT*pipes* 2 program extensions, DCG discovered that several elements of this strategy prevent WGL from selecting the most cost-effective pipes to replace.[12] Further, WGL's approach to risk modeling is a flawed black box that results in overstatement of risk reduction from replacement.

II. BACKGROUND

In March 2011, following a series of major gas pipeline incidents, the Federal Department of Transportation's Pipeline Hazardous Material Safety Administration (PHMSA) issued a "call to action" urging, *inter alia*, state utility regulators to accelerate the repair, rehabilitation and replacement of the highest risk pipeline infrastructure in the country. Specifically, PHMSA's call to action identified "pipelines constructed of cast and wrought iron, as well as bare steel, are among those pipelines that pose the highest risk" with age and material being significant indicators of the highest risk.[13] WGL's DC gas distribution system is one of the oldest in the country, dating back to 1848, and has an outsized proportion of high risk, leak-prone

[12] *See* F.C. 1179 DCG Motion for Leave to File Affidavit, ATTACHMENT (filed Aug. 11, 2025).
[13] https://www.phmsa.dot.gov/data-and-statistics/pipeline-replacement/pipeline-replacement-background#:~:text=Pipeline%20transportation%20is%20one%20of,material%20are%20significant%20risk%20indicators

(LPP) pipes still in operation, including possibly country's largest inventory of still-vintage cast iron pipes on its system still in use.[14]

In response to PHMSA's call to action, the Commission initiated a proceeding to develop an accelerated pipe replacement program or APRP, which was approved on March 31, 2014.[15] This APRP later became to be known as PROJECT*pipes* 1 (PIPES 1). The PROJECT *pipes* program was originally conceived as being a forty (40) year effort to replace or otherwise address all of the LPP on WGL system with an initial five (5) year term with a total budget of $110 million, which the Company would receive in the form of a volumetric surcharge paid for each month by ratepayers and was meant to incentivize WGL to replace LPP without for the need for waiting until a base rate case was decided to receive compensation for its replacement costs. Within the overall PROJECT*pipes* 1 budget were sub-budgets devote to replacing specific types of LPP (e.x. $X amount to replace vintage cast iron mains, $X amount to replace bare steel services lines).

On December 11, 2020, the Commission approved the second iteration of PROJECT*pipes* known as PROJECT*pipes* 2 (PIPES 2). PIPES 2 was similar to the first PROJECT*pipes* program in most respects except, But instead of PIPES 2 being a 5-year term, the Commission shortened it to a 3-year term to provide for more frequent reviews of the program. The Commission also added a requirement that WGL implement an Advanced Leak Detection pilot program to, *inter alia,* learn if there were more efficient ways to detect leaks on

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[14] https://www.phmsa.dot.gov/data-and-statistics/pipeline-replacement/cast-and-wrought-iron-inventory#:~:text=PHMSA%20began%20collecting%20data%20about%20gas%20pipelines,distribution%20pipelines**%2024%20states%20and%201%20territory

[15] Formal Case No. 1017, *In the Matter of the Investigation Into the Reasonableness of Washington Gas Light Company's Existing Rates and Charges for Gas Service, and* Formal Case No. 1115*, Application of Washington Gas Light Company for Approval of a Revised Accelerated Pipe Replacement Program*, Order No. 17431.

its system and be able to measure the flow rate of any leaks. The Commission also increased WGL's budget from $110 million over 5 years to $150 million over 3 years.

These reforms were made in response to growing opposition to the PROJECTpipes program from environmental NGOs, intervenors, including the District, and the public in the wake of passage of the Clean Energy DC Act, which *inter alia* established target dates by which the District was to achieve certain levels of reductions in GHG emissions until in the District reaches carbon neutrality by 2050 (later shortened to 2045, and mandated by statute). The opposition was becoming increasingly concerned about the wisdom of making long-term investments in gas infrastructure replacements that could either prolong the District's dependence on fossil fuels, or result in the creation of stranded assets if and when the District achieves its climate goals. The District, for its part, through the Department of Energy and Environment had published its Clean Energy DC plan, which is the District's roadmap to achieving carbon neutrality by 2045 through such measures as promoting electrification and calling for better gas planning through the use of so-called Non-Pipes Alternative (NPAs) .

WGL filed its application for a third iteration of PROJECT*pipe* (PIPES 3) on December 22, 2022, over a year prior to when PIPES 2 was set to expire at the end of 2023. However, the Commission did not act on WGL's PIPES 3 application for 18 months. On June 12, 2024, the Commission issued Order No. 22003, which *inter alia,* dismissed WGL's PIPES 3 application, and accepted Continuum Capital's Audit Report on WGL's PROJECTpipes 2 Plan.

Order No. 22003, of course, also established the instant proceeding in which the Commission announced that, in light of the District's climate commitments and the ongoing energy transition taking place in the District, it was changing direction in how and what it would consider for approval of future APRP. The Commission directed WGL to-refile its application

for an APRP which will account for the "the new normal" that "emphasized electrification and targeted replacement as opposed to the complete replacement of over 400 miles of aging, high risk pipelines."[16] The Commission directed WGL to include in its application a description sufficient to determine whether would comply with a following eighteen directives informed by the past 10 years of operating PROJECT*pipes* :

a. Miles of aging high-risk leak-prone main replaced to date per year by program and material type (*e.g.*, cast-iron, bare and unprotected steel, etc.);

b. The number of aging high-risk leak-prone services replaced to date per year by program and material type (*e.g.*, copper, bare and unprotected steel, etc.);

c. Miles of aging high-risk leak-prone main remaining to be replaced by program and material type;

d. The number of aging high-risk leak-prone services remaining to be replaced by program and material type;

e. Current estimated leak rates for existing pipes by material type (including methodology for calculation);

f. Expected completion date for each program based upon current replacement rates, replacements to date, and remaining work to be completed. These estimates should include a detailed analysis of the need to replace the identified high-risk pipes and the ability to achieve this completion target;

g. Expected replacements by program and material for the three-year period;

h. Provide the basis for the proposed annual budgets for the three-year period;

i. Explain how, if at all, ALD is incorporated into proposed project selection. Specifically, whether leaks identified via ALD are processed differently in the risk modeling software than leaks found through traditional sources;

j. For proposed planned replacements for the next three years, provide a method for tracking estimated leak reductions and GHG emissions reductions that considers the actual condition, previous leaks, and material type of the pipes actually replaced (in contrast to the current approach for calculating fugitive emissions, which relies on general assumptions based on the pipe material).[127] Figures shall be reported as annual reductions from each year of work, not cumulative totals, and

[16] F.C. 1179, Order No. 22003, ¶ 49.

shall include detailed explanations of the methodology used to calculate the avoided leaks and GHG emissions;

k. Explain how JANA Lighthouse will aid in a project prioritization that aligns with the District's climate goals, including projections on GHG emission reductions and preventing leaks each year. This should include details on how JANA produces risk scores and risk rankings;

l. Explain how the restructured targeted replacement program would account for any electrification programs within the District. This explanation should include specific plans for coordination with interested stakeholders and the D.C. Government to ensure that replaced pipes are not expected to be decommissioned within 10 years of installation;

m. Identify the number of miles of mains and number of services that can be decommissioned each year of the program either due to abandonment of redundant facilities or customers pursuing electrification opportunities on radial portions of the system;

n. Explain how "normal" replacements will be differentiated from targeted "accelerated" replacements under the new program. Identify criteria beyond material type(s) and potential program qualification that will be used by WGL when categorizing whether a replacement is "normal" or "accelerated;"

o. Explain and demonstrate the need for a surcharge recovery mechanism for the new restructured pipe replacement program;

p. Other than pipe replacements, identify techniques, technologies, strategies, or other options the Company considered to reduce the leak rates and risk of the aging leak-prone pipes in the distribution system;

q. Provide the results of the formal assessment on internal versus external crew usage;

r. Provide any results from WGL's industry peer review on construction execution best practices begun in 2023,[129] including explaining the impacts on cost and schedule of any unique construction conditions in the District.[17]

On September 27, 2024, WGL re-filed its APRP application, which it refers to as District SAFE. The rest of the background of this proceeding has been thoroughly document in Commission orders and will not be repeated here.

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III. ARGUMENT

In 2014, WGL proposed PROJECT*pipes* as a 40-year program to replace the vintage pipes, particularly pipes made of cast iron, on the gas distribution system. Yet according to the District SAFE Application, there are still 477 miles of main made of vintage materials, including 393 miles of cast iron on WGL's system.[18] WGL's original strategy for replacing vintage pipes has failed its main objective —WGL will not come close to replacing all the vintage pipes on its system by 2054. Increasing costs have certainly contributed to WGL's slow progress: WGL's rate of aging main pipe replacement has slowed 45 percent since 2006, while the annual cost has increased more than 4-fold.[19] Meanwhile, the typical residential gas customer uses 30% less gas today compared to 2014.[20] Recognizing these unsustainable dynamics, the PSC directed WGL to move beyond the PROJECT*pipes* paradigm and file an improved APRP Plan that reflects the new normal of electrification and targeted replacement of the highest-risk pipe segments. Yet as discussed above and described in more detail below, the District SAFE Plan represents a business-as-usual approach instead of a new normal to risk management that will only exacerbate the unsustainable dynamics of PROJECT*pipes*.

A. DISTRICT SAFE FAILS TO COMPLY WITH ORDER NO. 22003 IN SEVERAL SIGNIFICANT WAYS IN EGREGIOUS DISREGARD FOR THE COMMISSION'S VISION OF A NEW NORMAL.

1. The District SAFE plan does not "address the District's climate policies which promote electrification as opposed to use of natural gas."[21]

[18] District SAFE Application, pg 4.
[19] FC 1167, Ellen Carlson et al., Synapse Energy Economics, *Alternative Approaches to Increasing Gas System Safety in the District of Columbia,* filed June 10, 2025, pg. 2.
[20] The Future of Heat Initiative, *Paying More for Less: Rising Gas Bills in Washington, DC,* (Jan. 2026): https://static1.squarespace.com/static/66709b162534097dc14f6ecd/t/6967e39a42719e30f3d67e18/1768416154952/FoHI-Gas-Primer-DC.pdf
[21] Order No. 22003, ¶ 49.

As outlined in Witness Botwinick's Testimony, the District has a suite of climate laws, policy roadmaps, and programs that include codified GHG emissions reductions targets and milestones for electrification.[22] The District SAFE Plan does not address any of these laws, policies, or programs. If implemented, the District SAFE Plan would be a costly obstruction to the District's climate policies.[23] Eight members of the D.C. Council, the body that authored the District's climate legislation, similarly warned the Commission that, "[i]f adopted, District SAFE will dramatically slow the District's transition to clean energy while saddling District residents with the costs of maintaining outdated infrastructure."[24]

The District SAFE Plan does not demonstrate that it will lead to more meaningful reductions in GHG emissions—in fact, the Plan doesn't even include an estimate of its emissions reductions.[25] Unsurprisingly, it is the Company's position that "the only criteria that their accelerated pipe replacement plan must meet in order to align with the District's climate goals is a reduction of GHG emissions, regardless of amount."[26] In other words, WGL does not believe it needs to do anything different from the original PROJECTpipes program in order to better align with the District's climate policies. This position is exemplified in WGL's Rebuttal Testimony, which concentrates on arguing that the Company *shouldn't* follow the District's climate policies instead of providing evidence on how District SAFE meets the Commission's climate directives.[27]

[22] FC 1179, DCG's Testimony of Katya R. Botwinick, filed Dec. 12, 2024.
[23] *Ibid*, pg 9-13.
[24] FC 1179, D.C. Council's Comments regarding FC 1179, FC 1154 and FC 1175, filed Feb. 11, 2025.
[25] FC 1179, DCG's Testimony of Katya R. Botwinick, pg 10-12.
[26] FC 1179, WGL's Response to DCG DR 8-3, filed March 17, 2025.
[27] FC 1179, WGL's Rebuttal Testimony: Testimony of Witness Rogers at 5-6, 8-9, 23-25, 27, 32-34, 44; Testimony of Witness Quarterman at 29; Testimony of Witness Fang at 10; Testimony of Witness Wemple at 22, 25, 35-36.

If the Commission approves the District SAFE Plan then the message to WGL is clear: WGL can "comply" with the District's climate laws by simply ignoring them.

2. The District SAFE Plan does not "reflect a focused approach, demonstrating the critical balance between reductions in future leaks and GHG emissions against the risk of stranded assets as the District continues its energy transition."[28]

The only measure WGL proposes to address the Commission's concern regarding stranded assets is its new Customer Choice Pilot Program.[29] As outlined in Witness Botwinick's testimony, the Customer Choice Pilot is not designed to be an effective NPA.[30] When compared to NPAs in other jurisdictions, the Customer Choice Pilot is missing many key elements: adequate advance notice, a participant incentive, comprehensive outreach, and coordination with electrification programs.[31] Witness Dr. Hopkins further outlines how WGL is not engaged in long-term gas system planning that reflects District policies and competitive market forces around electrification.[32]

While WGL claims to be unaware of "any data on its system that indicates there is a threat posed by stranded assets"[33], there is growing evidence of changing market conditions and competition for household heating. There are now cost-effective electric alternatives to gas appliances. Increasing numbers of households in DC rely on electricity to heat their homes, heat their water, and cook their food. Just 45% of District households heat with gas, down from 64% in 2010.

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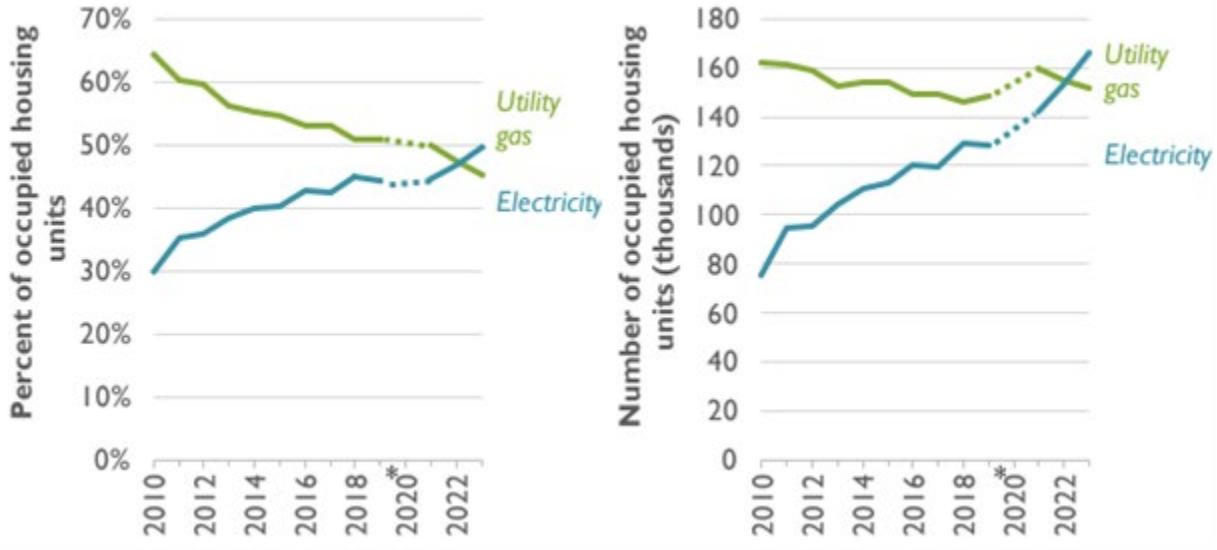
[28] Order No. 22003, ¶ 49.
[29] District SAFE Application, Exh. WG (A), at pg. 9 (Rogers).
[30] FC 1179, DCG's Testimony of Katya R. Botwinick, pg 19-21.
[31] Rocky Mountain Institute, "Service Line NPAs: Unlocking Savings and Driving Electrification", published Nov. 7, 2025.
[32]
[33] District SAFE Application, Testimony of Witness Rogers at 11.

Figure 2. Households heating with utility gas and electricity in D.C., percent of total occupied housing units (left), number of housing units (right)[34]



Continuing a replacement-focused approach to addressing gas safety risks will drive gas rates higher and thereby challenge WGL's ability to hold onto its customer base. By ignoring the risks of stranded assets and failing to incorporate strategic electrification, the District SAFE Plan not only defies the Commission's directives, it also promotes a risk reduction strategy that is not financially or competitively sustainable. DCG's "Alternative Approaches to Increasing Gas System Safety in the District of Columbia" whitepaper outlines in detail how the District SAFE Plan will likely lead to increased safety and financial risks.[35]

3. The District SAFE Plan is not "narrowly focused on the aging highest-risk pipe segments that are highly susceptible to leaks" and it does not "focus on originally conceived 40 plus year replacements based on only pipe age and material type."[36]

[34] Source: U.S. Census Bureau, American Community Survey 1-year Estimates. *The U.S. Census Bureau did not publish 1-year estimates for the American Community Survey in 2020. *See*: https://www.census.gov/programs-surveys/acs/technical-documentation/table-and-geography-changes/2020/1-year.html#:~:text=The%20Census%20Bureau%20did%20not,on%20data.census.gov.

[35] FC 1167, Ellen Carlson et al., Synapse Energy Economics, *Alternative Approaches to Increasing Gas System Safety in the District of Columbia,* filed June 10, 2025.

[36] Order No. 22003, ¶ 49.

As discussed above, the District SAFE Plan contains no information on the pipe age and material that it intends to replace. Instead, WGL intends to rely on the "risk-reduced-per-dollar spent" metric to select pipes for replacement. Through supplemental testimony requested by the Commission, WGL provided more information on how the inputs of pipe age and material would be considered in the JANA model.[37] Yet pipe age and material are only two out of the many inputs that JANA uses to generate risk scores. This small window of transparency does not provide an answer to how much cast iron and bare steel pipe WGL intends to replace in the District SAFE Plan.

DCG was only afforded a limited glimpse into how District SAFE's "risk-reduced-per-dollar spent" model would work by evaluating WGL's "PIPES 2 Revised 22-Month Extension Project List" (Updated Project List).[38] DCG found that less than 50% of all the targeted pipes on the Updated Project List are composed of cast iron or bare steel.[39] This finding was not disputed by WGL or the Commission. Further, only 127 out of the 227 total Updated Project List BCAs had experienced leaks, despite the fact that there were at least 5,476 reported leaks (Grade 1 and Grade 2) between 2020 and 2023.[40] The only evidence that's available on how the District SAFE Plan will identify and prioritize pipes casts serious doubt on WGL's intention to prioritize the "highest-risk" pipe segments, particularly pipes made of cast iron and bare steel.

B. THE DISTRICT SAFE PLAN'S APPROACH TO RISK REDUCTION IS NOT STRATEGIC OR EFFECTIVE

[37] FC 1179, WGL's Supplemental Testimony (Witness Oliphant), filed Sept. 24, 2025.
[38] FC 1154, WGL's PIPES 2 Revised 22-Month Extension Project List, filed March 6, 2025.
[39] FC 1154, DCG Public Objections & Comments on WGL Project List, filed May 29, 2025, pg 10.
[40] Ibid.

1. The District SAFE Plan's Business-As-Usual (BAU) Approach to Risk Reduction Through Replacement is too Slow to Prevent the Risk from Rising on WGL's System.

Even by its own measure, risk is rising faster on the gas system than the Company can mitigate through its planned replacement-focused approach. According to WGL's JANA model, the amount of risk from newly emerging methane leaks on WGL's system will increase over the period District SAFE is proposed to be in effect.[41] This is because "the system continues to age and the overall risk will continue to increase at a rate that outpaces the impact of the proposed planned replacement activities."[42]

One implication of a rise in overall system risk despite District SAFE is that it belies a justification previously used by the Commission for continuing to authorize WGL's receipt of surcharge revenue. In its most recent order extending the PIPES 2 surcharge for six (6) more months, it stated, "[t]he Commission simply 'cannot allow the system to deteriorate unabated.'"[43] But overall risk on the Company's system would not be expected to increase if District SAFE was preventing the system from deteriorating. If the Commission decides to approve District SAFE it should not expect nor should it cite the prevention of system deterioration as a reason.

The growth in risk on WGL's system can be attributed to two primary drivers. The first driver is WGL's slow pace of performance in replacing pipes. WGL's recent replacement rate for mains is about four (4) miles per year. As an exhibit attached to WGL Witness Rogers' direct testimony shows, there were 477 miles of leak prone main pipe on WGLs system as of 2023.[44]

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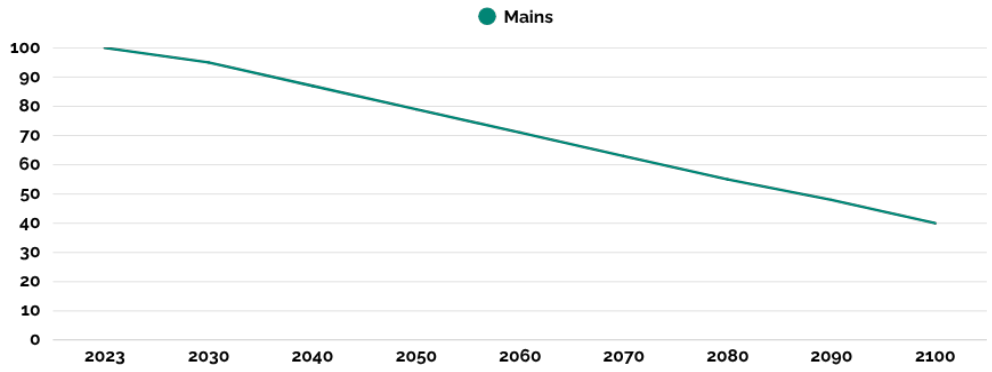
[41] F.C. 1179, WGL Response to DCG DR 1-11 (Nov. 15, 2024)/
[42] *Id.*
[43] F.C. 1154, Order No. 22746, at ¶ 12 (rel. Nov. 26, 2025) (extending WGL's PIPES 2 program a fourth time until June 30, 2026), *quoting* F.C. Nos. 1154, 1175, and 1179, Order No. 22003, at ¶ 47 (rel. June 12, 2024).
[44] F.C. 1179, Exh. WG (A)-1, page 40 (filed Sept. 27, 2024).

If WGL maintains its current 4-mile-per-year replacement pace through 2045 -- the deadline for the District to achieve carbon neutrality – 395 miles of risk prone main pipe would still be on WGL's system.[45] Indeed, at WGL's current pace of replacement, it would be replacing the last leak prone main pipe on its system in 2142, nearly an entire century *after* the District is required to achieve carbon neutrality. And even with its emphasis on service line replacements, 43% of WGL's risk prone services would still be on its system in 2045.[46] The chart below illustrates the percent of 2023 leak prone main pipe (477 miles) that will remain on WGL's system at its current replacement pace, projected out through the end of this century.



The second driver contributing to the growth of risk is WGL's approach to pipe replacement, which to date, has insufficiently targeted the riskiest leak prone pipes on its system. Among the significant amount leak prone mains that exist on WGL's system, there remains a high level of vintage cast iron mains. Cast iron is particularly vulnerable to leaks and contributes

[45] *Id.*
[46]

to increased risk as most accidents in the industry involve cast iron infrastructure.[47] In fact, PHMSA's call to action identified vintage cast iron pipes as a priority for replacement. Even WGL witness Murphy stated in his rejoinder testimony, "[a]ny scenario that leaves cast iron mains averaging more than 100 years of age in service indefinitely while exposing our customers, their children and their grandchildren to increasing risk is unacceptable."[48] DCG agrees. Therefore, given WGL's pipe replacement approach to date, the fact that District SAFE contains no provision that would require the Company to replace vintage cast iron mains (or indeed pipe of any material) ought to seriously concern to the Commission.

2. WGL's replacement-based approach is flawed because it is too expensive.

The skyrocketing costs of pipe replacements has contributed to the slow pace of PROJECT*pipes*. As mentioned above, WGL's rate of aging main pipe replacement has slowed 45 percent since 2006, while the annual cost of main replacements has increased more than a 4-fold. The costs of service line replacements have also risen from $7,500 per service line in 2014[49] to $35,300 in 2024.[50] In light of these steep cost increases, the Commission directed WGL through Order No. 22003 to file a APRP Plan that is more cost-effective.[51] Yet by continuing to focus almost exclusively on pipe replacements, the District SAFE Plan will not curb these rising costs. Indeed, the District SAFE Plan asks for $215 million over the next three years, which is significantly more than the previous spending cap of $150 million for three years of PROJECT*pipes* 2.[52]

[47] F.C. 1179, Exh. WG (B), at 7.
[48] F.C. 1179, Exh. WG (4I), at 5:16-19 (October 20, 2025).
[49] District SAFE Application, Figure 13
[50] See Direct Testimony of DCG Witness Dr. Hopkins, at pg. 17, citing DCG (A)-7
[51] Order No. 22003, ¶ 50.
[52] District SAFE Application, Table 4.

The District SAFE Application largely blames District policies, like the District Department of Transportation's (DDOT) operating restrictions, for rising costs.[53] Comments files by DDOT on February 26, 2025 corrected the record on WGL's false assertions concerning the role that DDOT has played in the Company's poor performance on pipe replacement cost and pace.[54] Upon review, DDOT found that most of the dates associated with these restrictions are incorrect—some by years, even decades. Many of the restrictions cited by the District SAFE Application are longstanding DDOT policies, not newly imposed restrictions. In response to DDOT's comments, WGL had to file replacement pages both its Rebuttal Testimony and the District SAFE Application, substituting the word "enforced" for "enacted" when referencing DDOT policies.[55]

Even if the Commission believes WGL's argument that it is unable to control costs because of DDOT policies, then there is even more of an imperative to move beyond a replacement-focused approach to risk management. Yet the District SAFE Plan doubles down on pipe replacements, and its proposed solution for speeding up the pace of vintage pipe remediation is simply demanding more money. The consequences of this expensive approach are detrimental to gas ratepayers and WGL's competitive sustainability.

WGL's capital spending is already driving significant increases in gas distribution rates. For example, starting January 1, 2026, WGL will increase its gas distribution rates by 24% for the average residential customer.[56] This is the second double-digit rate increase WGL

[53] District SAFE Application, pg, 21-27
[54] FC 1179, Comments of the District Department of Transportation on Washington Gas Light Company's District SAFE Plan, filed Feb. 26, 2025.
[55] FC 1179, Washington Gas's Replacement Pages, filed April 11, 2025.
[56] F.C. 1180, Order No. 22741.

has made in the past two years. Gas distribution rates are increasing much faster than inflation, and if approved, the District SAFE Plan will accelerate this trend.

DCG consultant, Synapse Energy Economics, Inc, estimated that the cost of replacing all the remaining leak-prone pipes on WGL's system would be between $4.6 and $6.2 billion.[57] This is more than triple the cost to build WGL's current system. WGL's investments are repaid by gas ratepayers over approximately 40 years. This creates significant risks of stranded assets and cycles of continual, significant rate increases if WGL's investments continue to grow while its gas sales decline. As rates rise and customers with the means and opportunity choose electricity, rates will rise even faster and drive even more customers away from gas. It's clear that the District SAFE's Plan's business-as-usual strategy of accelerated pipe replacements is not viable or affordable from a cost perspective.

3. The District SAFE Plan's Approach to Risk Modeling is a Flawed Black box that Results in Overstatement of Risk Reduction from Replacement.

Unfortunately, the limited evidentiary hearing failed to shine much light on the opaque process. From the testimony of WGL's witnesses at the evidentiary hearing, one throughline that emerged is that the inputs used by JANA to produce risk scores are the product of WGL's subjective determination. The JANA tool can be analogized to a canvas – an overall framework of potential risk drivers, as well as other factors that industry peers may consider when selecting which pipes to replace -- but it is WGL that decides how to apply the paint, which ultimately determines how the picture appears. The unsurprising corollary to this analogy is that the risk scores JANA calculates are heavily skewed towards reducing risk to the company and its shareholders, not to the ratepayers who would be required to shoulder the costs. Were the

[57] FC 1167, Ellen Carlson et al., Synapse Energy Economics, *Alternative Approaches to Increasing Gas System Safety in the District of Columbia,* filed June 10, 2025, at pg 1.

Company's risk considerations more appropriately focused on risk to ratepayers, the WGL's portfolio of cost-effective projects would differ significantly from projects currently views as cost-effective.

Beyond this aspect, there remain significant questions about the reliability of WGL's risk scores, which it proposes to use as the basis for formulating its DC SAFE project lists. Even the seemingly objective dollar amount used by JANA to estimate the replacement cost of a pipe is just a starting point. WGL's practice of bundling assets into a "Business Case Analysis" (BCA) means that multiple assets with varying risk scores are bundled together and the cost for any given bundle can fluctuate depending on whether assets are added or removed. Compounding the problem is that the cost data utilized by JANA are merely rough estimates based on the historical cost of materials by size, and not the more refined Class 3 cost estimates produced by the Company's engineers after studying the project in greater detail.

As the District learned through discovery in this case and in discovery on WGL's 2025 PIPES 2 extension project list, shifting project costs are problematic under WGL's proposed new approach to pipe selection. Changes to a project's cost estimate will result in a change to the cost-effectiveness of that project relative to other potential projects. But WGL often either does not update, or does not timely update, project lists it submits to the Commission for approval when other BCAs suddenly become more or less cost-effective relative to a listed BCA as a result of re-ranking (if there is any JANA risk score or cost information reported at all on the project list). The fluid and mutable nature of WGL's cost projections means that there is no assurance that projects represented by the Company as being the most cost effective will remain so.

But as DCG witness Dr. Hopkins learned through discovery on WGL's Geospatial Information System (GIS), it appears that WGL is not even selecting the most cost-effective projects in accordance with its own methodology -- irrespective of whether there is a change in project cost estimates. Dr. Hopkins was able to identify numerous unselected projects that would have been more cost effective on a risk-reduced-per-dollar-spent basis than those selected by WGL on its 2025 extension project list in F.C 1154.

And separate and apart from the reliability of JANA risk scores and whether the projects listed by WGL for approval are actually the most cost-effective, Dr. Hopkins was able to identify numerous areas on WGL's system that would be very good candidates for non-pipes alternatives (NPA) through retirement and electrification, but WGL does not configure its JANA model to consider NPAs. To the extent WGL does select abandonment projects there is no associated NPA, and the basis for receiving accelerated cost recovery to abandon pipes is highly questionable.

a. WGL failed to meet its burden of proof at the evidentiary hearing that the risk scores generated by its JANA model inputs are based on reasonable considerations.

District SAFE proposes to prioritize pipes for replacement through risk-reduced-per-dollar-spent metric that is based on a risk score generated by the JANA model. Since the JANA risk scores are not objectively verifiable criteria like age and pipe material, the Commission determined an evidentiary hearing was warranted limited to the issue of how JANA derives its risk scores. The key takeaway from the evidentiary hearing is that WGL determines the inputs and values to that are used by JANA to generate risk scores. Consequently, "risk" is not an objective metric—it is a metric defined by WGL and shaped by the Company's interests. And

even after several hours of the parties questioning WGL's witnesses on the subject, the methods used by WGL to develop risk inputs remain largely a black box.

At the evidentiary hearing, WGL Witness Murphy was asked about a confidential data response to DCG that he sponsored in Formal Case No. 1180.[58] The data response provides a percentage breakdown of the overall risk that WGL assigns to five categories of system risk, which informs how JANA identifies and prioritizes "risk". When asked how these percentage values for each category of system risk were derived, Witness Murphy testified that the consequence values were developed through a workshop process that he did not attend, and therefore could not provide any specific information about the content of any discussions among the participants or what specific considerations went into developing the numbers assigned to each category of risk (beyond the general speculative explanation that the participants considered everything that can occur when there is a leak from one of WGL's pipes).[59] No further information was provided about the workshops that defined and quantified the essential risk categories for JANA, not even which WGL employees participated.

In addition, Witness Murphy's testimony at the hearing was seemingly in conflict with with the Company's District SAFE application at the hearing seemed to contradict also appeared to conflict the company itself does not seem to know what principles or methodology are guiding DC SAFE – whether it is risk reduced per dollar spent or the prior ProjectPIPES method of looking to eligible materials first. At the evidentiary hearing, there seemed to be conflicting testimony on this front. According to Witness Murphy the Company:

> . . . could not indiscriminately pass or include a replacement solely based on risk. The very first thing a replacement candidate has to fulfill, it's got to be one of the identified

[58] The FC 1180 data response was admitted into evidence as cross examination exhibit DCG-3.

[59] F.C. 1179, Evidentiary Hearing Transcript at 142:14-21 ((Murphy: "JANA's implementation team worked with our integrity management teams to conduct workshops to really try to understand and assign values, numbers, to the things that occur when a leak occurs. And while I wasn't in those workshops...")

> eligible materials. Most of which were identified explicitly by PHMSA as high risk. And -- and utilities across the nation were encouraged to as quickly as possible retire them from service. That makes up most of what we are after, if not really all of it, because, you know, there are -- there is plenty of industry data out there about the poor performance of copper and – and mechanical couplings. So . . . first thing is it's got to be eligible . . .".[60]

But Witness Murphy's statement conflicts with WGL's District SAFE application itself,[61] as well as with WGL Witness Jacas' who testified that "[t]he Company is no longer breaking out its planned work into the programs that were used in PIPES. Instead, the Company is focused on replacing eligible materials based on the JANA risk model and the risk-reduced-per-dollar-spent."[62] To the extent that the Commission was looking to the evidentiary hearings to pierce the black box containing the factors and considerations that went into developing the JANA model inputs to produce a reasonable and reliable risk score for the Company's assets, WGL failed to meet its burden of proof.[63]

b. WGL's approach overstates the relative risk reduction from replacement because it does not include any risk on the customer side of the meter.

The gas system is riskier than WGL's assessment indicates, because there is risk behind the meter that WGL doesn't account for in the JANA model or its risk-reduced-per-dollar-spent. Retirement through electrification can eliminate the behind-the-meter risk, while replacement cannot.[64] The District SAFE Plan's replacement-only strategy, that incorporates

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[60] *Id.* at 149:21-22 -- 150:1-15.

[61] F.C. 1179, Exh. WG (A)-1 at pg. 28 (filed Sept. 27, 2024).

[62] F.C. 1179, Exh. WG (C), at pg 4 (filed Sept. 27, 2024)

[63] F.C. 1179, Transcript at 157:7-15 ("As I was explaining, I think in each of these categories, we -- we conducted and facilitated a workshop to try and -- for the impacts that belong in those categories, to try and assign a number to them, try and quantify them. Q: Right. But those are the cost drivers. Would you agree? A: I don't know. I wasn't in the workshop. That makes sense that they could be.")

[64] F.C. 1179, Exh. DCG (A), at pg. 33, lines 8-16.

minimal abandonment of unused pipes, fails to include cost-effective measures that can totally eliminate the risk its vintage assets.

c. WGL overstates the value of risk reduction to the District by including risk to its investors in its risk analysis.

Counter to the spirit of PHMSA's Call to Action, WGL's risk modeling may result in the selection of replacement projects that prioritize the reduction of investor risk, over environmental risk or physical safety risk to District residents. For example, the total value of risk on WGL's system, according to is [redacted].[65]

But most of the risk that WGL's District SAFE program would mitigate is risk to WGL investors, not District residents or ratepayers. Over objections from the Company, WGL was compelled to produce information on what percentage of overall risk is captured by each of five risk categories identified by WGL.[66] According to WGL, [redacted]

Because these cost drivers are typically disallowed by utility regulators as being recoverable in rates, the cost drivers of these particular risks are impacts on the Company and its shareholders, not WGL's customers or District of Columbia residents.

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[65] DCG-1 (WGL CONFIDENTIAL response to DCG DR 7-2, Attachment 01, filed Jan. 17, 2025 -- sum of the "overall risk" column).
[66] DCG-3 (Formal Case No. 1180, WGL CONFIDENTIAL response to DCG DR 3-8 (sponsor: WGL Witness Murphy), filed April 14, 2025)
[67] *Id.*

Another reason to believe that the Company's risk modeling methodology is biased towards its shareholders is the type of risk that WGL seeks to mitigate. There are generally two types of risk. On the one hand there is the risk of high-consequence, low probability events that are rare, but when they occur can be catastrophic to public safety, such as an ignition that results in an explosion on the system. On the opposite end there is risk from low-consequence, high probability events such as gas odor leaks that are common throughout the city and with which most residents are familiar just from walking around outside.

As the sponsor of WGL' response to DCG DR 3-8, the following statement can be attributed to WGL Witness Murphy: [redacted]

At the evidentiary hearing, counsel for DCG asked Witness Murphy to explain why such a large percentage of overall risk on WGL's system was attributed to the Corporate Image / Reputation of the Company, and such a small percentage of overall risk is attributed to the environmental harm caused by small leaks that emit potent GHG emissions, but do not otherwise pose a safety threat. WGL Witness Murphy responded that: [redacted]

[redacted]C. 1180, filed April 23, 2025.

[redacted]

WGL Witness Murphy's statements establish that WGL believes the greatest "risk" from a leak on its system is the risk of harm to the Company's reputation, and consequently, the harm to the Company's investors. In essence, the District SAFE application is asking for accelerated cost recovery of infrastructure investments to primarily reduce the negative impact of leaks on WGL's reputation and regulatory risk, while simultaneously increasing WGL's returns to investors. Conversely, however, if the Commission were to count only risk from impacts that could befall District residents and ratepayers (i.e. health and safety plus direct economic loss and environmental impacts), overall system risk would be much lower, roughly $95 million per year instead of $250 million.[70]

d. WGL's risk analysis includes the wrong kinds of environmental consequences.

WGL's risk analysis for environmental consequences from methane leaks on its system is incompatible with district's climate commitments and policies, including those being currently under development in a separate docket by the Commission through the Clean Energy Act Implementation Working Group (CEAIWG) to analyze the benefits and costs (BCA) of utility investments impacting the climate. Although the final BCA framework is still under refinement in a Phase 2 stage of the proceeding, it is evident from Commission orders based on the work, reports and recommendations of the CEAIWG that, in order to pass muster with the Commission, utilities will soon be required to incorporate the societal value of carbon associated with its investments into a BCA if the investment(s) will impact the climate.

[69] F.C. 1179, at Transcript, at 142:22 – 143:7.
[70] 38% of 250 million is $95 million.

In fact, the District SAFE application itself includes an entire section entitled "District SAFE supports the District's clean energy future." It includes this section for the express purpose of complying with Order No. 22003's requirement that the company considered the District's climate commitments. Throughout the section, WGL touts its District SAFE proposal almost as a program that exists exclusively to reduce GHG emissions. Through the process of replacing its pipes, the company attributes 6,873 mtco2e in GHG emissions over the first 10 years of PROJECT*pipes*.

Yet WGL's risk analysis only assigns [redacted] When asked at the evidentiary hearings why environmental impacts were assigned such a low consequence value, WGL Witness Murphy stated that he did not know but speculated that "it may because the team struggled to quantify and assign a number to that."

Consistent with the direction in which the stakeholders are moving in the development of BCA for utility projects impacting the climate, trom a policy standpoint, the relevant environmental consequence should be the societal value of methane emissions. Indeed, in same manner that WGL considers commodity loss from a leak in its analysis as a risk [redacted]

[redacted] If WGL was valuing environmental impacts of ghg emissions correctly, the risk from "super-emitter" leaks that may not be close to any structures would suddenly rank much higher in JANA's risk-based prioritization of pipes for replacement.

As the foregoing demonstrates, JANA's risk model ranks projects using a prioritization method that is unreasonable and based on faulty assumptions that went into the JANA risk model. Risk depends on the location of a leak, not on what group of people are affected by the risk. But the JANA risk model is configured in a way to always prioritize shareholder risk regardless of location. By including the wrong types of environmental risk from a resident/ratepayer standpoint, WGL will mis-prioritize and select the wrong projects to mitigate emissions. Conversely, WGL's inclusion of shareholder interests in the JANA risk model will result in WGL mis-prioritizing the wrong projects to mitigate physical safety risks. However, if WGL's risk model and all its parameters were open for public and regulatory scrutiny, rather than locked in a black box, the geographic distribution of each type of risk would be known and incorporated into Commission decision-making.

d. WGL's risk analysis includes the wrong kinds of environmental consequences.

WGL's risk analysis for environmental consequences from methane leaks on its system is incompatible with district's climate commitments and policies, including those being developed in a separate docket by the commission through the Clean Energy Act Implementation Working Group (CEAIW) to analyze the benefits and costs (BCA) of utility investments impacting the

climate.[71] Although the final BCA framework is still under refinement in a phase 2 stage of the proceeding, it is evident from commission orders based on the work, reports and recommendations of the CEAIWG that, in order to pass muster with the commission, utilities will soon be required to incorporate the societal value of carbon associated with its investments into a BCA if the investment(s) will impact the climate.[72]

The District SAFE application includes an entire section entitled "district safe supports the district's clean energy future."[73] It includes this section for the express purpose of complying with Order No. 22003's requirement that the company considered the district's climate commitments.[74] Throughout the section, WGL touts its District SAFE proposal almost as a GHG reduction program.[75] Through the process of replacing its pipes, the company attributes 6,873 mtco2e in GHG emissions over the first 10 years of PROJECT*pipes*.

Yet WGL's risk analysis only assigns [redacted] when asked at the evidentiary hearings why environmental impacts were assigned such a low consequence value, WGL

[71] See e.g. GD-2019-04-M, Order No. 21938, reviewing the Report and Recommendations of the Clean Energy Act Implementation Working Group (rel. December 8, 2023).
[72] F.C. 1179, Cross-Examination Exhibits DCG-2 and DCG-3.
[73] F.C. 1179, District SAFE Application, pgs. 32-37 (filed September 27, 2026).
[74] *Id*. at pg. 31.
[75] *Id*. at. 32-37.

Witness Murphy stated that he did not know but speculated that "it may because the team struggled to quantify and assign a number to that."[76]

From a policy standpoint, the relevant environmental consequence should be the societal value of methane emissions. Indeed, in same manner that WGL considers commodity loss from a leak in its analysis as a risk [redacted] If WGL was valuing environmental impacts of ghg emissions correctly, the risk from "super-emitter" leaks that may not be close to any structures would suddenly rank much higher in JANA's risk-based prioritization of pipes for replacement.

As the foregoing demonstrates, JANA's risk model ranks projects using a prioritization method that is unreasonable and based on faulty assumptions that went into the JANA risk model. Risk should depend on the location of a leak, but not on whose risk matters, and the JANA risk model is configured in a way to always prioritize shareholder risk regardless of location. By including the wrong types of environmental risk from a resident/ratepayer standpoint, WGL will mis-prioritize and select the wrong projects to mitigate emissions. conversely, WGL's inclusion of shareholder interests in the JANA risk model will result in WGL mis-prioritizing the wrong projects to mitigate physical safety risks. However, if WGL's risk model and all its parameters were open for public and regulatory scrutiny, rather than locked in a

[76] F.C. 1179, Transcript at 149:18-21.
[77] DCG Cross Examination Exh. DCG-2 and DCG-3

black box, the geographic distribution of each type of risk would be known and incorporated into Commission decision-making.

IV. RECOMMENDATION

There is ample evidence to demonstrate that the District SAFE Plan has not met the requirements set out by the Commission in Order No. 22003. WGL has merely proposed a program that is very similar to PROJECTpipes instead of one responding to the PSC's call for a "new normal." Specifically, WGL's application is not responsive to the PSC's requirements on minimizing stranded asset risk, incorporation of the District's climate laws, accounting for electrification, cost-effectiveness, and identifying alternatives for reducing leak rates and risk. If the Commission expects WGL to be responsive to its directives, it should reject the District SAFE Application.

The District SAFE Plan's replacement-based approach to addressing gas safety risk is also not financially or competitively sustainable and it will likely lead to increased risk on the gas system over time. If the Commission wants a cost-effective APRP program to efficiently and strategically manage risk on the gas distribution system, it should reject the District SAFE Application.

DCG lodged the Commonwealth of Massachusetts Department of Public Utilities (MA DPU) Order 24-GSEP-03 in the FC 1179 docket to provide an example of alternative actions that the Commission can take instead of just approving another APRP program.[78] The MA DPU faced many of the same issues the PSC outlined in Order No. 22003: excessive spending even beyond the revenue cap of 3.0 percent; project lists that are "geared toward assembling, in an unsystematic manner, a sufficient number of projects to achieve a level of spending at or above

[78] FC 1179, FC 1154, DCG's Motion to Lodge, filed Sept. 19, 2025.

the current 3.0 percent revenue cap"[79]; and the recognition that "[i]t is no longer reasonable to proceed on the basis that leak-prone pipe must be remediated in a manner that presumes the existence of a natural gas distribution system in perpetuity."[80] In response, the MA DPU issued an order that significantly changes the rules and requirements for accelerated pipe replacement plans: reduced from 3.0 percent to 2.5 percent the revenue cap that sets the upper limit on annual APRP spending; set requirements for a more rigorous risk prioritization process for APRP projects; and imposes the express requirement that the gas utilities evaluate advanced leak repair technology as an alternative to pipe replacement.[81]

In the spirit of the MA DPU Order and the objectives set forth in Order No. 22003, the District offers the following solutions to improve gas system safety:

A. Initiate a Long-Term Thermal Planning Proceeding

The District is at a critical juncture in managing the future of its gas distribution system. Demand for natural gas is declining, while public policy, market, and technology trends are accelerating the transition towards electrification. DCG recognizes the need to mitigate the most at-risk pipes and does not oppose pipe replacements as a potential risk mitigation strategy. Yet pipe replacements must be strategically planned and coordinated with the District's climate policies and electrification efforts. There is a large difference between assuming no changes in gas system usage, and planning for smarter investments as many states like Colorado and Massachusetts are actively doing.

The inadequacy of the District SAFE Plan, as well as WGL's 15 Year GHG Reduction Plan, highlight the need for a gas planning process that is not led exclusively by WGL. DCG has

[79] Commonwealth of Massachusetts Department of Public Utilities, Order 24-GSEP-03, rel. April 30, 2025, pg 54.
[80] *Id*. pg 26.
[81] *Id*.

outlined the rationale and potential next steps for adopting a "Future of Heat" docket in response to the Commission's inquiry in Formal Case 1167.[82] In establishing a comprehensive gas planning proceeding, the District could re-join its peer states leading the charge for regulatory innovation and climate mitigation, and it could more effectively plan its gas investments to save District of Columbia ratepayers money in both the short and long-term.

B. Design and Implement Service Line NPAs

DCG also reiterates its recommendation for developing a NPA Framework, particularly for service line replacements. As discussed in Witness Botwinick's Testimony, the Customer Choice Pilot is an incremental step in the right direction, but it is not a well-designed service line NPA.[83] A new brief by the Rocky Mountain Institute (RMI) outlines how service line NPAs can mitigate the escalating costs of pipe replacements and drive electrification efforts.[84] The brief describes key design considerations and demonstrates how WGL's Customer Choice Pilot falls short of best practices.

According to WGL, the average cost of replacing a service line is $35,300 for a single service line under the District SAFE program for service-only replacement projects.[85] In the Updated Project List for the last PIPES 2 extension, there were over 200 service lines that cost over $50,000 to replace (one BCA even had a service line replacement that cost $165,537).[86] The Affordable Home Electrification Program (AHEP) under DC Sustainable Energy Utility (DCSEU) has completed 70 projects to date with average cost of about $32,000 per home. These retrofits include a host of benefits, such as all new appliances and panel upgrades, that gas pipe

[82] FC 1167, Initial Comments of the District of Columbia Government, filed April 28, 2025.
[83] Direct Testimony of DCG Witness Botwinick, at pg. 19-25.
[84] Rocky Mountain Institute, "Service Line NPAs: Unlocking Savings and Driving Electrification", published Nov. 7, 2025.
[85] See Direct Testimony of DCG Witness Dr. Hopkins, at pg. 17, citing DCG (A)-7
[86] FC 1154, WGL's Response in Opposition to Objections and Comments, filed June 16, 2025, Appendix B

replacements do not provide. Many homes, especially those that only use gas for cooking, would cost a lot less to electrify. Electrifying homes would save ratepayers money and provide more benefits relative to replacing service lines.

It is an unconscionable waste of ratepayer dollars to continue spending over $35,000 on service line replacements when electrification is an option that is cheaper, safer (completely eliminates the risk of future gas leaks and improves indoor air quality), and results in more GHG emission reductions. The Commission should establish a threshold cost for service line replacements (i.e. $30,000), over which an NPA must be implemented. There are examples across the country of gas-only utilities implementing NPAs:

- In its Downstate Joint Proposal, National Grid committed to identifying five LPP/NPA opportunities each year in each of its downstate territories (KEDNY, KEDLI), working with the New York City Housing Authority to develop a large-scale NPA, creating an NPA implementation plan subject to stakeholder review, and reporting annually on NPA progress.[87]
- New York's National Fuel Gas filed RFPs for two NPA projects in its territory in 2025.[88]
- In Massachusetts, Liberty Utilities and Berkshire Gas collaborated with dual-fuel utilities in Massachusetts to develop and adopt an NPA Framework.[89]
- Prior to the NPA Framework, Liberty had already implemented an NPA screening process where it considered NPAs for projects greater than $2 million, had a construction start date of less than 2 years, are not threats to safety or reliability, and a handful of other criteria. In its Climate Compliance Plan (DPU 25-43), Liberty is proposing to reduce the

[87] Downstate Joint Settlement Proposal, Case 23-G-0225, Case 23-G-0226, Case 23-G-0200, April 9, 2024.
[88] National Fuel Gas, Request for Proposal: NPA Highland Project, Case 22-G-0610, January 17, 2025.
[89] National Fuel Gas, Request for Proposal: NPA Honeoye Lake Project, Case 22-G-0610, January 17, 2025.

cost threshold to $1 million and the timeline threshold to 1 year to increase the number of eligible projects.[90]

C. Improvements to BCA Tracking and Project List Review

More immediately, the Commission should also take steps to improve the transparency and review process for accelerated pipe replacement projects, or BCAs. The existing three-step process for reviewing APRP projects is structurally lopsided and insufficient for the purpose of reviewing major capital investments. The first step is the approval of a cap on the total eligible surcharge spend for a set length of time after reviewing an APRP application. In the second step, WGL submits a Project List within 15 days. Parties then have a short time frame to file data requests and submit comments and/or objections (3 business days, and 15 business days respectively). The third and final step rolls the already built APRP projects into a base rate case proceeding. This last step is supposedly when a prudency review occurs, however rate cases typically cover many topics and involve thousands of pages of materials, and thus these already complete APRP projects get buried in a docket with many competing issues.

DCG recommends that the Commission improve this process by taking the following steps:

1. Require a Project List and review period before a surcharge cap is approved,

2. Extend the Project List review period: at least 15 business days for discovery requests, 45 business days for comments and/or objections.

3. Require WGL to provide the following information on every proposed BCA in the Project List: risk scores, risk ranking, class 3 cost estimate and unit costs, pipe material and age, leak history, project start date and estimated end date, an explanation on whether or not repair or a

[90] MA LDCs, NPA Framework, Docket No. 25-040, 25-041, 25-042, 25-043, 25-044, 25-045, April 1, 2025, https://fileservice.eea.comacloud.net/V3.1.0/FileService.Api/file//iiddcigj?Wcz5OsIUFO5NchUe+cj2GWFJ0ioKRMXdZYr4j7j/42qk9v9pxUxyG6LkaCeWBSjqbmMlNqhcSkxPf0qUr1gASPKrYE1qejvebf677PtCVStUdHoHpEGELGLGjR+ZpYgt.

NPA was considered, and locational data. This data should all be provided in an Excel spreadsheet.

a. WGL should also file the complete list of risk-ranked assets. Each BCA that was ranked high but skipped over in the Project List should require an explanation for why it was rejected.

b. For multi-year projects, WGL should clearly demonstrate if carry-over projects have new end dates and/or new cost estimates. Any changes in the length or cost of carry-over projects should be explained.

4. Establish clear criteria and metrics for how BCAs and Project Lists will be evaluated.

V. CONCLUSION

The District commends the Commission for issuing Order No. 22003. Although WGL did not take it seriously, Order No. 22003 represents a thoughtful and balanced approach to regulating and adapting long-term capital planning in an industry with an environment that is rapidly evolving in the most literal of ways. But the Commission's job is only partially done. Now it must hold the line and enforce its order.

Respectfully submitted,

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January 21, 2026

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of January 2026, I caused true and correct copies of a public version of the District of Columbia Government's Post-Hearing Brief to be electronically delivered to the following:

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