



**Sandra Mattavous-Frye, Esq.**  
**People's Counsel**

March 24, 2020

**VIA ELECTRONIC FILING**

Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 G Street, N.W., Suite 800  
Washington, D.C. 20005

**Re: Formal Case No. 1115, In the Matter of Washington Gas Light Company's Request for Approval of a Revised Accelerated Pipe Replacement Program**

**Formal Case No. 1142, In the Matter of the Merger of AltaGas Ltd. and WGL**

**Formal Case No. 1154, In the Matter of Washington Gas Light Company's Application for Approval of PROJECTpipes 2 Plan**

**Formal Case No. 1162, In the Matter of Application of Washington Gas Light Company for Authority to Increase Existing Rates and Charges for Gas Service**

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing in the above-referenced proceeding, please find the *Office of the People's Counsel for the District of Columbia's Motion for Leave to Reply and Reply*.

If there are any questions regarding this matter, please contact me at (202) 727-3071.

Sincerely,

/s/ Thaddeus J. Johnson

Thaddeus J. Johnson  
Assistant People's Counsel

Enclosure

cc: Parties of record

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

<b>In the Matter of:</b>	)	
	)	
<b>Washington Gas Light Company’s Request for Approval of a Revised Accelerated Pipe Replacement Program</b>	)	<b>Formal Case No. 1115</b>
	)	
	)	
<b>The Merger of AltaGas Ltd. and WGL Holdings, Inc.</b>	)	<b>Formal Case No. 1142</b>
	)	
	)	
<b>Washington Gas Light Company’s Application for Approval of PROJECTpipes 2 Plan</b>	)	<b>Formal Case No. 1154</b>
	)	
	)	
<b>The Application of Washington Gas Light Company for Authority to Increase Existing Rates and Charges for Gas Service</b>	)	<b>Formal Case No. 1162</b>
	)	
	)	

**OFFICE OF THE PEOPLE’S COUNSEL  
FOR THE DISTRICT OF COLUMBIA’S  
MOTION FOR LEAVE TO REPLY AND REPLY**

**I. INTRODUCTION**

Pursuant to Rules 105.8 and 105.9 of the Public Service Commission of the District of Columbia’s (“Commission” or “PSC”) Rules of Practice and Procedure,<sup>1</sup> the Office of the People’s Counsel for the District of Columbia (“Office” or “OPC”), the statutory representative of District of Columbia ratepayers with respect to utility matters,<sup>2</sup> submits the *Office of the People’s Counsel for the District of Columbia’s Motion for Leave to Reply and Reply* (“Motion”). For the reasons set forth herein, OPC respectfully requests the Commission: (1) grant the Office leave to reply to

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<sup>1</sup> 15 DCMR §§ 105.8 and 105.9 (Lexis 2020).

<sup>2</sup> D.C. Code§ 34-804 (Lexis 2020).

Washington Gas Light Company's ("WGL" or "Company") *Response*;<sup>3</sup> (2) accept this *Reply*; and (3) utilize the information contained herein to adopt OPC's recommendations regarding the further extension of the PROJECTpipes 1 Plan and OPC's February 14, 2020 proposed procedural schedule.

WGL's *Response* is replete with factual and legal inaccuracies designed to mislead this Commission by distorting the record upon which the PSC's forthcoming decision will be based. The Company's gross distortions compel OPC to respond, through this *Reply*. By doing so, the Office seeks to provide this Commission the factually accurate and clear record it needs to render an informed decision regarding the various pleadings currently before it regarding the proper procedural schedule for *PIPES 2* and the proposed further extension of *PIPES 1*.

## **II. BACKGROUND/PROCEDURAL HISTORY**

The Office provided a thorough and detailed recitation of the salient procedural aspects of these proceedings in OPC's *Response and Request for Affirmative Relief*.<sup>4</sup> Therefore, rather than reprise that procedural history herein, the Office hereby adopts by reference the "Background and

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<sup>3</sup> *Formal Case No. 1115, In the Matter of Washington Gas Light Company's Request for Approval of a Revised Accelerated Pipe Replacement Program* ("Formal Case No. 1115"); *Formal Case No. 1142, In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.* ("Formal Case No. 1142"); *Formal Case No. 1154, In the Matter of Application of Washington Gas Light Company for Approval of a Revised Accelerated Pipe Replacement Program* ("Formal Case No. 1154"), and *Formal Case No. 1162, In the Matter of the Application of Washington Gas Light Company for the Authority to Increase Existing Rates and Charges for Gas Service* ("Formal Case No. 1162"), Washington Gas Light Company's *Response to the Responses Filed by the Apartment and Office Building Association of Metropolitan Washington and the Office of the People's Counsel for the District of Columbia Regarding an Extension of PROJECTpipes*, filed March 2, 2020 ("*WGL's Response*" or "*Response*").

<sup>4</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154, Office of the People's Counsel for the District of Columbia's Response to Washington Gas Light Company's Motion to Further Extend PROJECTpipes 1 Plan and Procedural Schedule for PROJECTpipes 2 Plan and Request for Affirmative Relief*, filed February 24, 2020 ("*Response and Request for Affirmative Relief*").

Procedural Schedule” section of that pleading and will now delineate only those specific procedural events most relevant to this *Motion*.

The Commission issued Order No. 20213 on September 5, 2019.<sup>5</sup> In that Order, among other things, the Commission directed the parties to hold a settlement conference on September 20, 2019.

Despite numerous productive settlement discussions/meetings and the exchange of several settlement proposals and counterproposals, respectively, the parties were unable to settle this matter. As a result, per the Commission’s directive in Order No. 20288,<sup>6</sup> each began filing proposed procedural schedules with the Commission on February 14, 2020.<sup>7</sup>

On February 20, 2020, AOBA filed with the Commission its *Response to WGL’s Motion and Proposed Procedural Schedule*. OPC similarly responded to *WGL’s Motion and Proposed Procedural Schedule* on February 24, 2020.<sup>8</sup> Among other things, therein OPC requested that the Commission hold Formal Case No. 1162 (the Company’s current rate proceeding) in abeyance pending the final resolution of WGL’s *PIPES 2 Application*.

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<sup>5</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, Order No. 20213, ¶ 1, issued September 5, 2019 (“Order No. 20213”).

<sup>6</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, Order No. 20288, ¶ 1, issued February 3, 2020 (“Order No. 20288”).

<sup>7</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, Washington Gas Light Company’s Motion to Further Extend PROJECTPipes 1 Plan and Proposed Procedural Schedule for PROJECTPipes 2 Plan, filed February 14, 2020 (“*WGL’s Motion and Proposed Procedural Schedule*”); *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, Joint Letter by the District of Columbia Government and the Apartment and Office Building Association of Metropolitan Washington, filed February 14, 2020 (“*DCG/AOBA Letter*”); *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, Office of the People’s Counsel for the District of Columbia and the Environmental Defense Fund’s Proposed Procedural Schedule, filed February 14, 2020 (“*OPC/EDF’s Joint Procedural Schedule*”).

<sup>8</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154*, OPC’s Response and Request for Affirmative Relief.

Shortly thereafter, on March 2, 2020, the Company responded to AOBA and OPC's respective *Responses*.<sup>9</sup> In it, the Company propounds numerous inaccuracies (both legal and factual). As a result, the Office now comes before this Commission (through this *Motion*) to dispel the myriad prevarications put forth in WGL's *Response* so as to provide this Commission the clear and accurate record it needs to make informed decisions regarding *PIPES 1*, *PIPES 2*, and Formal Case No. 1162.

### **III. MOTION FOR LEAVE TO REPLY**

The Office, through this *Motion*, hereby respectfully seeks leave to submit this *Reply* to *WGL's Response*. Consistent with Rules 105.8 and 105.9 of the Commission's Rules of Practice and Procedure, good cause exists to grant OPC leave to submit a *Reply* in this proceeding. Although the Commission generally disfavors granting parties leave to reply, it has regularly countenanced such requests for a host of reasons, including "to ensure that the Commission has all appropriate and available information upon which to base its decision . . . ."<sup>10</sup>

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<sup>9</sup> *Formal Case No. 1115; Formal Case No. 1142; and Formal Case No. 1154, WGL's Response.*

<sup>10</sup> *Formal Case No. 989, In the Matter of the Office of the People's Counsel's Complaint for a Commission-Ordered Investigation into the Reasonableness of Washington Gas Light Company's Existing Rates; and In the Matter of the Application of Washington Gas Light Company for, District of Columbia Division, for Authority to Increase Existing Rates and Charges for Gas Service ("Formal Case No. 989"), WGL Motion for Leave to File Reply to OPC's Response at p. 2, filed November 22, 2002 ("Motion for Leave to Reply").* Of note, WGL's *Motion for Leave to Reply* was approved by the Commission in Order No. 12689, which itself was silent as to the reason/rationale for granting WGL leave to reply, though, again, WGL's stated basis was "to ensure that the Commission has all appropriate and available information upon which to base its decision." *Formal Case No. 989, Order No. 12689* ¶ 110, rel. March 28, 2003 ("Order No. 12689") ("WGL's motion for leave to file a reply to OPC's response to the Company's application for reconsideration is granted"); *Formal Case No. 989, WGL Motion for Leave to Reply* at p. 2. *See also Formal Case No. 1102, In the Matter of the Investigation into the Continued Use of Verizon Washington, DC, Inc.'s Copper Infrastructure to Provide Telecommunications Services*, Order No. 17528 ¶ 240, rel. July 3, 2014 (granting OPC's Motion to File Reply after finding that "OPC's Reply w[ould] provide additional useful information... [and] no party is prejudiced by the granting of OPC's Leave Motion"); *TAC 19, Petition of Verizon Washington, DC Inc. for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996, Order No. 13162* ¶ 9, rel. April 20, 2004 (granting ATT's Motion to File Reply under Rule 105.9 after finding that "additional argument w[ould] be useful."); *Formal Case No. 1031, In the Matter of the Complaint of AT&T*

Through its *Response*, the Company has introduced myriad factual and legal inaccuracies into the record of these proceedings resulting in a false and unbalanced record that will hinder the Commission's ability and obligation to render sound and supported decisions regarding the various questions before it in relation to the appropriate procedural path forward for *PIPES 2* and the possible further extension of *PIPES 1*. To forestall such an undesirable outcome, the Office seeks to reply. Allowing OPC to do so would result in the development of a more complete and accurate record, which this Commission can then use to inform its decisions regarding extending *PIPES 1* further, determining a procedural schedule for the review of WGL's *PIPES 2 Application*, and deciding whether to hold Formal Case No. 1162 in abeyance. Moreover, no party would be prejudiced by granting this request. Indeed, it is OPC that will be prejudiced if WGL's various misstatements and inaccuracies are left uncontroverted and are therefore relied upon by the Commission in its decision-making process. For these reasons, OPC respectfully requests the Commission grant the Office's *Motion*.

#### **IV. ARGUMENT**

##### **A. The Company's *Response* Contains Numerous Legal Inaccuracies.**

##### **1. WGL is wrong, as matter of law, when it states there is no basis for holding Formal Case No. 1162 in abeyance pending the final outcome of the *PIPES 2* proceeding.**

In its *Response*, WGL opposes OPC's request to hold Formal Case No. 1162 in abeyance until the PSC issues a final merits decision regarding its *PIPES 2 Application*. The Company's reasoning is as follow:

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*Communications of Washington D.C., LLC Against Verizon Washington D.C., Inc. Regarding the "Four Line Carveout"* ("Formal Case No. 1031"), Order No. 13440 ¶ 2, December 1, 2004 (granting Verizon DC's request to file reply pursuant to Rule 105.9 after finding that its submission would "provide the Commission with a more complete record upon which to base its decision").

The Company's base rate application under review in Formal Case No. 1162 involves a request for rate relief, based on a historical test year ending December 31, 2019, and *is not relevant to the PIPES 2 plan or the ongoing surcharge*. In the rate case, the Company made no rate base beyond the test year; therefore, *there is no correlation between the issues under review in the rate case and any amounts that are included in the surcharge beyond the test year*. As such, there would be no "corresponding changes need[ed] to be made to the Company's rate Application" resulting from the Commission's decision in Formal Case No. 1154 and, therefore, no need or purpose in delaying the rate case proceeding until the Commission makes a final determination in Formal Case No. 1154.

*Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154; Formal Case No. 1162, OPC's Response and Request for Affirmative Relief* at p. 4 (emphasis added). The Company is wrong, as a matter of law, in several respects.

The Unanimous Agreement of Stipulation and Full Settlement ("Settlement Agreement") entered into between WGL, AOBA, and OPC in Formal Case No. 1115 requires the Company to file two base rate cases with the Commission during the period of *PIPES 1*—the first by August 1, 2016, and the second by April 30, 2020.<sup>11</sup> Pursuant to this obligation, WGL filed its first base rate case with the Commission on February 26, 2016 in Formal Case No. 1137. WGL's rate case filed on January 13, 2020 in Formal Case No. 1162 is the second. Per the Formal Case No. 1115 Settlement Agreement, both are required to, among other things, ensure amounts collected by the Company through the surcharge during *PIPES 1* are not concomitantly recovered in base rates. In fact, that is the principal reason why the Formal Case No. 1115 settling parties wanted the Company's second base rate case filing to occur several months after *PIPES 1*'s terminus. As noted by the Commission in Order No. 17789,<sup>12</sup> wherein it approved the Settlement Agreement:

The second rate case provides an opportunity for the Company to roll all plant included in the APRP into rate base, and again, the surcharges would be reset. The Commission and other parties would again have an opportunity for both the cost of

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<sup>11</sup> *Formal Case No. 1115*, Washington Gas Light Company's Joint Motion and Unanimous Agreement of Stipulation and Full Settlement, filed December 10, 2014 ("Settlement Agreement").

<sup>12</sup> *Formal Case No. 1115*, Order No. 17789, rel. January 29, 2015 ("Order No. 17789").

capital and depreciation to be adjusted at that point to keep the APRP consistent with the latest Commission decisions in Company rate cases. The base rate cases are also very important to ensure that the surcharge is a short-term mechanism targeted for a specific purpose, and not one that continues forever. The projects will get rolled into base rates. The important aspects of cost of capital will be updated at that time, so those numbers are not stale and just working out into perpetuity.

*Formal Case No. 1115*, Order No. 17789, rel. January 29, 2015 (“Order No. 17789”). However, because *PIPES 1*, which was originally slated to end on September 30, 2019, has been extended until March 31, 2020 (and will likely be further extended beyond that date) and the Company’s current rate case was filed on January 13, 2020 and is predicated upon a test year ending on December 31, 2019, this critical consumer protection will be eschewed if WGL’s *PIPES 2 Application* and rate case are litigated simultaneously. Should that occur, WGL’s current rate *Application* will not reflect WGL’s surcharge recoveries beyond December 31, 2019.

As such, litigating Formal Case No. 1154 first and holding the Company’s current rate case in abeyance will enable WGL to properly reflect all of its surcharge recoveries during the entirety of *PIPES 1* in its current base rate *Application*, as required by the Formal Case No. 1115 Settlement Agreement, and thereby avoid the possibility of the double recovery of those costs through base rates. Conversely, litigating both cases alongside one another during ongoing *PIPES 1* work will prevent several months of surcharge recoveries from being properly reconciled in the Company’s current base rate case. In addition to these accounting updates, the Company’s cost of service, rate design, revenue requirement, and test year would need to be similarly updated in light of the ongoing *PIPES 1* work and corresponding surcharge recovery. Thus, in light of the Company’s legal obligation (per the Settlement Agreement) to file its second required rate case following the conclusion of *PIPES 1* in order to transfer cost recovery from the surcharge to the base rates authorized in its second compulsory rate proceeding, WGL is wrong, as a matter of law, when it claims its base rate application under review in Formal Case No. 1162 “*is not relevant to the PIPES*



2 plan or the ongoing surcharge”, and that “there is no correlation between the issues under review in the rate case and any amounts that are included in the surcharge beyond the test year”, and that “no corresponding ‘changes need[ed] to be made to the Company’s rate Application’” resulting from the Commission’s decision in Formal Case No. 1154” and that “therefore, [is] no need or purpose in delaying the rate case proceeding until the Commission makes a final determination in Formal Case No. 1154.”<sup>13</sup> To be clear, the Office has explained in detail the manner in which Formal Case No. 1115 impacts Formal Case No. 1162; however, it also bears mentioning that the nexus between Formal Case No. 1154 and the foregoing proceedings stems from the fact that *PIPES 1* will continue, as will the Company’s surcharge cost recovery, until the issuance of a final merits decision in Formal Case No. 1154.

**2. The fact that the Commission designated *PIPES 2* a single-issue rate case does not mean that proceeding involves only one issue.**

The Company wrongly exclaims in its *Response* that “the singular issue for consideration in testimony in Formal Case No. 1154 is the Company’s filed *PIPES 2* Plan.”<sup>14</sup> As ostensive support for this contention, WGL further states “the Commission has deemed Formal Case No. 1154 to be a single-issue rate case”<sup>15</sup> which, according to WGL, indicates the *PIPES 2* proceeding involves only one issue. Disappointingly, despite the unmitigated failures of *PIPES 1*, as detailed by this Commission, the Liberty Consulting Report, and Jacobs Consultancy’s Cost-Benefit Analysis, the Company’s *Response* is self-serving and singularly focused on alacrity. As the

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<sup>13</sup> Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154; Formal Case No. 1162, OPC’s *Response and Request for Affirmative Relief* at p. 4 (emphasis added).

<sup>14</sup> Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154; Formal Case No. 1162, WGL’s *Response* at pp. 16-17.

<sup>15</sup> *Id.* at p. 17.

Commission stated in Order No. 20213, “[e]ven with some noted improvements in Years 3 and 4, WGL’s performance fell short of expectations.” As a result, the Commission “remains concerned, based on the Liberty Final Audit Report, that overall performance in [sic] Pipes 1 Plan could have been better managed in multiple areas from risk ranking and prioritization to resource planning and costs management.”<sup>16</sup> The Commission went on to state in that Order it “agrees with OPC that robust measures need to be taken to increase accountability and control over both the PIPES 1 Plan and the PIPES 2 Plan” and ultimately concluded that “before proceeding to the PIPES 2 Plan, it is more appropriate that every aspect of PROJECTpipes be carefully examined by stakeholders to determine what necessary enhancements are needed to ensure greater accountability.” This fastidious approach outlined by the Commission is in sharp contrast with the one espoused by the Company, whose sole focus is on obtaining a final merits decision on its *PIPES 2 Application* as quickly as possible.

As a matter of law, the Company is wrong. While the overarching question in the *PIPES 2* proceeding is whether WGL’s *Application* should be approved, the answer to that ultimate question is informed by the probative evidence adduced by parties regarding a multitude of issues—such as, project selection, project type(s), pipe material(s), costs, program management, program scheduling, cost recovery, prioritization, cost estimating, cost management, and scheduling. The record evidence put forth regarding each of the foregoing issues will determine the answer to the overarching question—that is, should the Commission approve the Company’s *PIPES 2 Application*. Moreover, the Commission’s designation of the *PIPES 2* proceeding as a single-issue rate case changes nothing in this regard. That designation simply means there is but

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<sup>16</sup> *Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154*, Order No. 20213, ¶¶ 18.

one ratemaking issue under consideration. Accordingly, for these reasons, the Company is wrong, as a matter of law, when it claims there is only one issue in controversy in Formal Case No. 1162.

**B. WGL's Response Contains Numerous Factual Inaccuracies.**

**1. OPC sought abeyance in consideration of all parties' resources, including the Commission's, and in the interests of administrative economy.**

WGL inaccurately contends "[i]t is disingenuous for OPC to argue" in favor of "delaying the Company's rate case to *allow OPC to 'focus its available resources' on the PIPES 2 Plan*".<sup>17</sup> In actuality, in its *Motion and Request for Affirmative Relief*, OPC cites several existing dockets "already taxing *Commission, OPC and other interested stakeholders' resources*."<sup>18</sup> The Office did not reference its own resources exclusively. In fact, OPC was clear that holding Formal Case No. 1162 in abeyance would "*permit the Commission and interested parties to focus their available resources*"<sup>19</sup> on evaluating, litigating, or otherwise resolving the *PIPES 2 Plan*. OPC maintains that focusing resources on the *PIPES 2 Plan* will lead to a more thoughtful effort toward ensuring vital, yet cost-effective, pipe replacement for the benefit of ratepayers.

Of note, the Company makes it a point to cite the amounts OPC assessed in Formal Case Nos. 1154 and 1162 (\$100,000 and \$625,000, respectively) to conscript subject matter experts for each matter which it then attempts to use as an ostensible basis for claiming OPC "appears to be well positioned to meet the challenges of this litigation."<sup>20</sup> Notably absent from the Company's

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<sup>17</sup> *Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154; Formal Case No. 1162, WGL's Response* at pp. 4-5 (emphasis added).

<sup>18</sup> *Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154, OPC Response and Request for Affirmative Relief* at p. 14 (emphasis added).

<sup>19</sup> *Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154, OPC Response and Request for Affirmative Relief* at p. 15 (emphasis added).

<sup>20</sup> *Formal Case No. 1115; Formal Case No. 1142; Formal Case No. 1154; Formal Case No. 1162, WGL's Response* at p. 5.

remonstration, however, was any reference to or acknowledgement of the fact that the Office's respective assessments in Formal Case Nos. 1154 and 1162 were precipitated by OPC's statutory obligation to carefully scrutinize WGL's \$300 million *PIPES 2 Application* and \$30 million rate application, respectively. OPC's assessment requests pale in comparison to the magnitude of costs associated with WGL's proposals in Formal Case No. 1154 and 1162, respectively. As for the Company's magnanimous proclamation that it did not oppose either funding request, legally, it could not. Both comported with the procurement provisions of the D.C. Code and were wholly proper, as indicated by the Commission's approval of each.

## **2. WGL's prejudice arguments are without merit.**

WGL argues that holding Formal Case No. 1162 in abeyance will cause it (1) unreasonable delay; (2) denial of due process under the law; and (3) regulatory lag, adversely effecting Company's ability to earn authorized return. However, WGL's contentions that the abeyance will prejudice the Company in these ways are without merit. WGL provides no tangible justification for any of its claims. Rather, it simply puts forth baseless assertions. OPC is only proposing that Formal Case No. 1162 be held in abeyance, not indefinitely put on hold or otherwise go unreviewed by the Commission. Moreover, it bears repeating that the Company's rate application in Formal Case No. 1162 is a compliance filing, pursuant to the terms of the Formal Case No. 1115 Settlement Agreement. It was not made of the Company's own volition; therefore, it strains credulity for WGL to now claim it would be harmed by a delay of a final merits decision regarding a filing it would not have otherwise made at this time. Further, for the reasons explained *supra*, that same Settlement Agreement requires the Company's second compulsory rate case (i.e., the one filed in Formal Case No. 1162) to properly reflect all *PIPES 1* surcharge recoveries in the base rates approved in that proceeding, which cannot happen until *PIPES 1* concludes.

**3. Implementation of the Liberty Management Audit is integral to any future handling of an APRP and should be examined in this case.**

WGL claims it is not necessary for the Commission to allow further review of the Liberty Management Audit. First, WGL argues the Commission has already allowed time for comments from parties. Second, WGL claims it has already “implemented many of the recommendations included in the Liberty Audit Report.”<sup>21</sup> The Liberty Management Audit goes to the core of how WGL has mishandled, and how it can better handle, the APRP. Liberty Management Consulting’s assessment of WGL’s mismanagement of the first year of PROJECT*pipes* and proposed improved practices set forth in the report are crucial in their need for integration into any future advanced pipeline replacement program. OPC and the parties cannot be sure whether WGL has appropriately integrated these processes and is entitled to an answer as to whether they have been integrated and how they will aid in the furtherance of an effective *PIPES 2 Plan*. Neither the parties, nor the Commission, should merely rest on WGL’s representations that it has “implemented many of the recommendations included in the Liberty Audit Report.”<sup>22</sup> The parties have the right to examine which, if any, measures have been implemented, how they were implemented, when they were implemented, to what degree (if any) they comport with Liberty Consulting’s recommendation(s), and how those implementations will lead to better and more prolific results under *PIPES 2*. This examination can take place only through discovery and testimony in Formal Case No. 1154 within the context of WGL’s *PIPES 2 Application*.

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<sup>21</sup> Formal Case No. 1115, Formal Case No. 1142, Formal Case No. 1154; Formal Case No. 1162, WGL’s Response at pp. 8-9.

<sup>22</sup> *Id.* at p. 9.

**4. The Impact of the CBA on the *PIPES 2 Plan* is an issue that needs to be fully examined in this case.**

WGL's proposal to allow additional comments on the CBA, in lieu of making it litigable issue in this case,<sup>23</sup> is insufficient for several reasons. First, the CBA needs to be examined within the context of WGL's *PIPES 2 Plan* because the CBA goes to the heart of the APRP's feasibility and cost-effectiveness. WGL must answer as to how it plans to conduct *PIPES 2* in light of the results of the CBA, as well as address the issues that were not (but should have been) addressed in the CBA regarding how the APRP will serve the District's emissions and other environmental goals. The parties need to examine the intersection between these critical issues and the *PROJECTpipes 2 Plan* through discovery and are entitled to answers from WGL.

**5. The factual record in this case is not complete, and the parties are entitled to the time necessary to fully-examine WGL's *PIPES 2 Application*.**

WGL's claim that the record is complete and ripe for Commission determination is incorrect. By WGL's own procedural schedule submitted on February 14, 2020, the Company intends to file Supplemental Testimony in Formal Case No. 1154. At the absolute least, the parties will have to review that testimony (which almost assuredly will include revisions to WGL's initial *Application*) and issue discovery regarding the information set forth therein. However, because both the Liberty Audit Report and the CBA were filed well after the submission of WGL's *PIPES 2 Application*, neither the Company nor the parties have had an opportunity to date to address either one within the context of WGL's *PIPES Application*—which means this will need to occur through discovery and testimony in Formal Case No. 1154. The 9-month procedural schedule

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<sup>23</sup> *Formal Case No. 1115, Formal Case No. 1142, Formal Case No. 1154; Formal Case No. 1162, WGL's Response* at pp. 9-10.

proposed by the Office will afford the parties in Formal Case No. 1154 the requisite time to do both.

**6. WGL's claim that the proposed 9-month procedural schedule is unreasonable is without merit.**

WGL's claim that a 9-month period to fully-evaluate the *PIPES 2 Application* is unreasonable is without basis. WGL has submitted a request to review the *Application* for six months, and OPC suggests only an additional 3 months. This extra time is necessary in order to evaluate WGL's Supplemental Testimony, conduct discovery on that testimony, and, as outlined above, fully-examine WGL's implementation of the Liberty Management Audit and the CBA.

**V. CONCLUSION**

**WHEREFORE**, for the foregoing reasons, OPC respectfully requests the Commission (1) grant OPC's *Motion*, (2) accept the Office's *Reply*, and (3) utilize the information contained herein to adopt OPC's recommendations regarding the further extension of the PROJECT*pipes* 1 Plan and OPC's February 14, 2020 proposed procedural schedule.

Respectfully submitted,

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**Dated:** March 24, 2020



## **CERTIFICATE OF SERVICE**

**Formal Case No. 1115, In the Matter of Washington Gas Light Company's Request for Approval of a Revised Accelerated Pipe Replacement Program**

**Formal Case NO. 1142, In the Matter of the Merger of AltaGas Ltd. And WGL Holdings, Inc.**

**Formal Case No. 1154, In the Matter of Washington Gas Light Company's Application for Approval of PROJECTpipes 2 Plan**

**Formal Case No. 1162, In the Matter of the Application of Washington Gas Light Company for Authority to Increase Existing Rates and Charges for Gas Service**

I certify that on March 24, 2020, a copy of the *Office of the People's Counsel for the District of Columbia's Motion for Leave to Reply and Reply* was served on the following parties of record by hand delivery, first class mail, postage prepaid or electronic mail:

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