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July 16, 2012 2950

Via Electronic Filing
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Rulemaking re Amendment to 52 Pa. Code § 59.18 Meter Location
Docket No. L-2009-2107155

Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works ("PGW") enclosed please find the original of its Comments along with the electronic filing confirmation with regard to the above-referenced matter.

Sincerely,

Daniel Clearfield

Daniel Clearfield

DC/lww
Enclosure

cc: Adam Young w/enc. (via email only)

2950

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Rulemaking Re Amendment to :
52 Pa. Code § 59.18 Meter Location : Docket No. L-2009-2107155

COMMENTS OF PHILADELPHIA GAS WORKS

Philadelphia Gas Works ("PGW") respectfully submits these Comments to the Pennsylvania Public Utility Commission ("Commission") in response to the Commission's Proposed Rulemaking Order ("Proposed Rulemaking") in the above-captioned matter. PGW appreciates this opportunity to provide the Commission with its comments on the Commission's proposed regulatory language.

I. COMMENTS

a. **General Comments**: As the Proposed Rulemaking states, the Commission has already adopted federal gas safety standards set forth in 49 CFR Part 191-193 and 199, which contain standards regarding the placement of meters and their regulators. The Proposed Rulemaking indicates that the Gas Safety Division has concluded that the existing PUC regulation on meter location is vague, inadequate and out of date with respect to the federal regulations adopted by the PUC, and that PUC regulations conflict with the federal regulations on safety issues related to meter set location and installation. Proposed Rulemaking, pages 1 and 8. However, the Proposed Rulemaking seeks to impose some additional regulatory requirements which exceed federal requirements, or are unreasonable or unclear. These Comments identify the portions of the proposed rules that appear to exceed federal law requirements. Overall, PGW agrees that, as indicated in the Rulemaking's Conclusion section, the regulation

should provide the utility with the sole discretion to determine the most appropriate location for a meter set.

In addition, the Proposed Rulemaking seeks to impose a deadline of December 31, 2020 for the relocation of all regulators connected to steel service lines. The Rulemaking states that the cost of relocating an inside regulator is approximately $450; and that the cost of retrofitting an existing steel service line with an Excess Flow Valve (EFV) is approximately $1,500. The Commission states that "[i]nside meter sets with inside regulators are a major concern due to the possibility of high pressure gas flowing into a structure if the inside meter or inside regulator is detached from the line." Proposed Rulemaking, page 8. Since the Commission's concern appears to lie with high pressure service, this regulation should be limited to high pressure services. Such a limitation would reduce the cost of relocating or replacing the regulators to a more manageable level.

Further, the regulation requires the relocation of all regulators connected to steel service lines, regardless of whether there is an EFV. Relocation of a regulator should not be required where there is an EFV, or where one can be installed.

Finally, as explained further below, as currently proposed this section would require PGW ratepayers to shoulder a high cost for relocation of regulators connected to steel service lines in a very short time frame. PGW respectfully submits that if the regulation is adopted as proposed, the cost to PGW ratepayers could be between $11 million and $74.7 million; it is not possible provide a firm number, as explained further below. In addition, PGW would have to refocus its risk based gas safety efforts on

performing this work. Accordingly, any such relocation should be coordinated with and tied to the utility's established main replacement program and schedule.

b. Specific Comments

i. 59.18(a)(1): This section requires that a service line terminate in the building in which the service line enters. However, it is not always possible to terminate a service line in this location. This could occur, for example, when a house is placed behind another house which fronts the street, with no access to the rear house other than from the street front. While this is not a usual situation, the section should allow for such situations and provide that "Where feasible, service lines must terminate in the building in which the service line enters."

ii. 59.18(a)(8): In this proposed section, it states that meter location must accommodate the installation of the service line in a straight line perpendicular to the main. Generally, service lines are installed in a straight line perpendicular to the main. However, there are instances when a straight line is not possible. This may occur when, for example, service must run up a driveway or grassy hill to a building. Thus, this section should read: "Where feasible, the meter location must accommodate for the installation of the service line in a straight line perpendicular to the main."

iii. 59.18(a)(9)(i and ii): These sections restrict the installation of meters and service regulators in certain locations, such as directly beneath a window or building opening or under an exterior stairway. Given the nature of the housing and building stock in the City of Philadelphia, PGW may not have any option other than to locate a meter or regulator directly beneath a widow, door or other building opening, or under an exterior stairwell. For example, many of the houses in Philadelphia are row houses,

which are narrow houses bordered on both sides by another house. In row home configurations it is almost always necessary to place an outdoor meter at least partially under a window. However, PGW only places a meter or regulator under a window or building opening when another means of egress is available, such as a widow or door. PGW would set a meter under an outdoor stairwell only if the stairs are made of a non-combustible material, such as cement, and there is adequate ventilation and an alternate means of egress. Accordingly, the section should be revised to read:

(9) Meters and service regulators may not be installed in the following locations:
(i) Directly beneath or in front of a window[s] or other building opening[s] which [~~may be used as emergency fire exits~~] is the only means of egress available.
(ii) Under interior [~~or exterior~~] stairways.
(iii) Under exterior stairways, unless there is an alternate means of egress available and the meter and service regulator is installed in a well-vented location, under stairs that are made of a non-combustible material.
(iv) A crawl space with limited clearance.
(v) Near building air intakes.

iv. 59.18(a)(10): This section allocates the cost of moving a meter or regulator for safety reasons to the utility. PGW believes that this language is acceptable in cases where the meter or regulator is moved for safety reasons that have nothing to do with the actions of the property owner or resident. However, this section should have an exception to the general rule in the event that an unsafe condition has been caused or created by meter tampering, unauthorized usage, or unsafe conditions created at the affected building. Examples of such unsafe conditions include, but are not limited to, walling off a meter or otherwise preventing access to a meter. If a property owner or resident has not utilized gas at his/her premise in a safe manner, PGW's ratepayers should not have to bear any related relocation costs.

v. 59.18(c)(1)(i): This proposed section allows for consideration of inside meter locations in certain limited situations, such as when an acceptable outside location is not available due to Federally approved Historic District "restrictions" or in "high risk vandalism districts." This section should provide that while the utility may take federal restrictions into consideration when considering meter locations, the utility should have the sole discretion to determine the most appropriate location for a meter set, particularly given safety considerations.

With respect to vandalism, it is unclear who has the right to determine that a meter is located in a "high risk vandalism district." In addition, since a utility will only have knowledge about meter related events, the vandalism should be linked to a utility's past experience with meter vandalism. PGW evaluates the risk of vandalism based on whether there has been tampering, impact or another event associated with the relevant meter or with meters in the close vicinity. Since a utility is in the best position to assess the future likelihood of vandalism to a meter, the utility should be the final arbiter of whether a meter is in a vandalism area. Therefore, the regulation should read:

> Inside meter locations [~~shall~~] may be considered, in the utility's sole discretion, [~~only that~~] when:
> (i) An acceptable outside location is not available due to restrictions in Federally approved Historic Districts, or when the utility determines that the meter is subject to a high risk of meter vandalism based on the utility's prior experience [~~in high risk vandalism districts~~].

vi. 59.18(c)(2): This proposed section requires that the utility locate a regulator outside when the meter is located inside. Meters are placed inside for specific reasons, such as vandalism. When the meter must be placed inside, it is often advisable that the regulator be placed inside for the same reasons. Accordingly, this regulation

should read, "Where feasible, regulators shall be located outside when a meter is located inside."

vii. 59.18(c)(4): This proposed section requires the relocation of all inside regulators connected to steel service lines by December 31, 2020. PGW is committed to the goal of delivering gas safely and reliably, and is committed to safety in all aspects of its operations. With that mandate in mind, PGW relocates regulators where needed, replaces steel service lines in need of replacement, and installs EFVs where needed, as part of its normal main replacement program and, if required, in emergency situations. PGW evaluates risk factors to determine the most appropriate method by which to address regulator/meter set relocation and the priority in which to do so, consistent with its overall effort to maintain and improve gas safety in its distribution system. PGW also strives to undertake these efforts in the most efficient manner possible, consistent with its obligation to provide gas to its customers at reasonable rates.

In order to address the concerns the Gas Safety Section raised in its conclusion, this section should be modified so that it applies only to high pressure service as defined in 52 Pa. Code § 59.1 – "High pressure - The gas pressure, expressed in pounds per square inch gauge pressure (p.s.i.g.) in excess of 60 pounds." For PGW, relocating all regulators connected to steel service lines by December, 2020 would result in PGW incurring an enormous cost, a cost that would result in significant increases to ratepayers. The required effort would also cause PGW to be forced to refocus its risk based gas safety efforts on properties which may not present a current risk.

Currently, PGW has approximately 24,187 inside meters connected to steel service lines; in the majority of these situations, the regulator is also located inside.

PGW estimates the potential costs related to this proposed section as detailed below. For purposes of this evaluation, it has been assumed that a regulator is located inside on all 24,187 services.

1. The cost of relocating a regulator on a steel service line: Costs would range from $450 for a line that is smaller than 1.25" to $1,120 for a line that is 12".[1] The total cost to relocate regulators on 24,187 steel services with an inside meter and regulator set is estimated at $10,966,965.

2. The cost of installing an EFV on a steel service line: Relocation of a regulator to the outside may not be possible in every instance, and it may be preferable, as an alternative, for PGW to install an EFV or slam shut regulator. EFVs are not available for all of the 24,187 lines – for the 1,758 lines for which an EFV would currently be available costs would range from $1,500 for a line that is smaller than 1.25" to $3,732 for a line that is 12". The total cost to install an EFV on all 1,758 steel services that have an inside meter and regulator set is estimated at $2,847,243.

3. The cost of relocating an inside meter and regulator set on a steel service line: In some instances, it may be advisable to relocate the meter and regulator set to the outdoors. Costs to relocate meter sets would range from $3,000 for a line that is smaller than 1.25" to

[1] Unit costs for small services (2" and smaller) are estimated at $450; unit costs for larger services (3" and larger) have been calculated by incrementally adding 20% to the unit cost of the lesser service. For example, the unit cost of a 3" service = (Cost of 2") + 20%(Cost of 2"), and the cost of a 4" service = (Cost of 3") + 20%(Cost of 3").

$10,500 for a line that is 12". The total cost to relocate the inside meter and regulator on 24,187 steel services that have an inside meter and regulator set is estimated at $74,740,100.

If the regulation is adopted as proposed, the cost PGW ratepayers would incur, by December 31, 2020, is at least $11 million and could be as much as $74.7 million. It is difficult to provide a firm number since the actual cost would be some combination of relocation of regulators, installation of EFVs, and moving of the entire meter and regulator set; in fact, the most prudent way to address this requirement may be to move the entire meter set outdoors.

PGW would have to refocus its risk based gas safety efforts on performing this work. If the regulation is modified to permit the installation of EFVs where advisable, costs would increase. In addition, in many situations, PGW may determine that relocation of the meter set and regulator is advisable, which would further increase the costs. Given these costs, and the fact that utilities practice risk assessments in the performance of their main replacement work, the regulation should not have a specific compliance date. Instead, it should provide that this work should be performed as part of a utility's normal main replacement program, with costs recoverable under Act 11.

viii. **59.18(c)(5)**: With respect to the specific location of meters and service regulators in a building, the regulation should permit the utility, in its discretion, to determine the most appropriate location giving due regard to the specifics of the building, particularly since federal regulations provide guidance regarding the location of meters and regulators. In Philadelphia's housing and buildings, it would likely be close to impossible to comply with this proposed section as written. For example, the

regulation as proposed provides no allowance for the varying size of equipment rooms, does not define "living quarters" or "closets," and does not set forth any definition of "confined locations." For example, a meter or service regulator may be on the first floor of a home with no basement. While this location could be acceptable under federal law it is questionable whether the meter would be considered to be in the "living quarters" of the home and therefore in violation of this proposed rule. PGW believes that the federal regulations already fulfill the purposes of this section, and additional regulation in this area is unnecessary and confusing.

II. CONCLUSION

PGW appreciates the opportunity to present comments to this proposed rulemaking. PGW's comments have been provided with the objective of ensuring the safety of PGW's customers and the residents of the City of Philadelphia.

Respectfully Submitted,

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