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July 16, 2012

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VIA FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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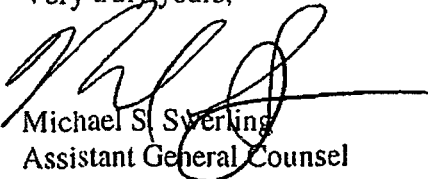
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Secretary Chiavetta:

Enclosed are an original and five (5) copies of the *Comments of PECO Energy Company on the Commission's Proposed Rulemaking Order* in the above-captioned matter. An additional copy of this letter is also enclosed to be date-stamped and returned to PECO Energy.

Very truly yours,


Michael S. Swerling
Assistant General Counsel

Enclosures

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**COMMENTS OF PECO ENERGY COMPANY
ON THE COMMISSION'S PROPOSED RULEMAKING ORDER**

I. BACKGROUND

On July 28, 2012, the Pennsylvania Public Utility Commission (the "Commission") entered a Proposed Rulemaking Order ("Order") in Docket No. L-2009-2107155. The Order proposes to update its existing rules surrounding the placement and relocation of natural gas meters because, according to the Commission, the current regulations are vague, inadequate and out-of-date with respect to federal safety standards. By updating its regulations, the Commission hopes to provide clear direction on meter location.

Interested parties were invited to file comments within 30 days after publication of the Order in the *Pennsylvania Bulletin*. PECO Energy Company ("PECO" or "the Company") believes that improving safety is a priority and welcomes the opportunity to provide comments on the Order. PECO also fully supports the comments filed on the Order by the Energy Association of Pennsylvania.

II. INTRODUCTION

The Commission proposed additions to its meter placement regulations requiring, in part, that utilities: 1) relocate the majority of their indoor meter sets outdoors by 2012; 2) only locate meter sets indoors if they are in federally protected historic districts, areas prone to vandalism, or areas prone to meter freeze-ups; and 3) bear the costs associated with relocating all meter sets

due to safety concerns. While PECO supports the Commission's efforts to improve system safety, PECO wishes to raise the following concerns with the proposed regulations.

First, utilities should not be required to replace the majority of their indoor meter sets by 2012 and divert resources from high risk mitigation efforts to lower risk mitigation efforts. Instead, utilities should be allowed to relocate meter sets in accordance with their Distribution Integrity Management Plans ("DIMP"), which allow for the proper prioritization of system risks in the most cost effective and efficient manner.

Second, the Commission is attempting to adopt rules that create additional regulatory requirements that have no counterpart in the federal standards. Because the Commission's requirements set forth additional regulatory requirements that have no counterpart in the federal standards and the Commission's concerns are already addressed through DIMPs, PECO requests that DIMP plans continue to be used as the mechanism to address the Commission's safety concerns.

Third, the Commission's proposed alternative to relocating indoor meter sets will require PECO to divert resources and time away from its Accelerated Gas Infrastructure Modernization Plan ("AGIMP") to address lower risk work. As such, PECO requests that the Commission allow natural gas distribution companies ("NGDC") to address these concerns through existing DIMP plans.

Fourth, while PECO agrees that NGDCs should bear the costs associated with moving meters, regulators and service lines pursuant to their DIMP plans, NGDCs should have the option of charging a customer for these relocation costs, if the customer creates the unsafe condition. This is a fair approach, which would ensure that customers do not subsidize those

who create unsafe gas conditions. In addition, it would serve to deter customers from tampering with gas meters.

III. PECO'S COMMENTS

A. DIMP plans should control when and if an NGDC should relocate an indoor meter/regulator outdoors

In its Order, The Commission instructed NGDC to relocate the majority of their indoor meter sets (including regulators) outdoors within the next 10 years – meaning at an accelerated rate. PECO believes that a better approach is to allow NGDCs to relocate this equipment consistent with their DIMP plans, which incorporate accelerated replacement initiatives. By doing so, NGDCs can prioritize the risks that indoor meters and regulators pose to their particular distribution systems and relocate them on an as-needed basis in the most cost effective and efficient manner. And most importantly, this approach ensures that resources will not arbitrarily be diverted away from improving the highest system risk areas to improving lesser risk areas such as relocating indoor meter sets that do not pose immediate risks.

PECO has approximately 30,000 indoor meters served by steel services and estimates that it will cost approximately \$60 million to relocate all of them. Approximately 85% of PECO's meters that are served by bare steel services will be relocated outdoors through PECO's AGIMP within the next 10 years. Another 5% of them will be relocated during the remainder of the AGIMP plan. An additional 10%, which are served by coated steel services, will not be relocated pursuant to PECO's accelerated plan. Instead, decisions to relocate those meters/regulators will be made pursuant to PECO's overarching DIMP plan. PECO believes that this is a reasonable approach and reasonably achieves the Commission's goal of improving customer safety in a manner that effectively balances program costs, workload challenges and risk mitigation strategies.

B. The Commission should not adopt regulations that have no counterpart in the federal regulations and create additional regulatory requirements

PECO shares the safety concerns raised by the Commission and makes every effort to relocate meters outdoors through its DIMP. However, PECO believes that the proposed regulations establish rules that have no counterpart in the federal regulations and create additional regulatory requirements contrary to the Commission's Order which states:

The proposed amended language imposes no additional regulatory requirements upon NGDCs that these utilities are not already subject to under the federal regulations." (Order at 9.)

For instance, the Code of Federal Regulations ("CFR") clearly allow meters and regulators to be located both indoors and outdoors.¹ There are no specific prohibitions against placing gas meters or regulators indoors in 49 CFR § 192.353(a). According to this section, indoor regulators must be located as near as possible to the service line entrance and indoor meters must be located in a ventilated place and not less than 3 feet from ignition sources or heat sources that might damage it.

However, proposed section 59.18(b) requires all NGDCs to relocate all indoor meter sets outside, unless they are located in federally protected historic districts, high vandalism regions or in areas prone to meter freeze-ups. This proposed requirement creates additional regulatory requirements that have no counterpart in the federal standards listed above.

Likewise, the Commission's regulations also prohibit meters from being located in engine, boiler, heater, or electrical equipment rooms, living quarters, closets, restrooms,

¹ 49 CFR § 192.353(a) states:

Each meter and service regulator, whether inside or outside a building, must be installed in a readily accessible location and be protected from corrosion and other damage, including, if installed outside a building, vehicular damage that may be anticipated.

bathrooms, or similar confined locations, even if placement in these locations complies with the federal standards set forth above. These newly proposed requirements also create additional regulatory requirements that have no counterpart in the federal standards listed above.

Because the Commission's requirements set forth additional regulatory requirements that have no counterpart in the federal standards and the Commission's concerns are already addressed through DIMPs, PECO requests that DIMP plans continue to be used as the mechanism to address the Commission's safety concerns. That way, 90% of the meter sets located on PECO's steel service lines will be tended to through the existing AGIMP and the remaining 10% will be resolved through PECO's overarching DIMP.

C. The proposed alternatives to relocating meters sets outdoors do not adequately reduce safety concerns

According to the Commission, as an alternative to relocating meter sets outdoors, NGDCs may retrofit existing service lines with Excess Flow Valves ("EFV") or relocate the regulator outdoors. Order at 7. It is PECO's experience that it costs just as much to install an EFV as it does to relocate a meter set outdoors. Therefore, this option still requires NGDCs to divert resources from high risk mitigation risk work to lower risk mitigation work.

The Commission also recommends relocating just the regulator outdoors as a possible alternative. However, it is also PECO's experience that if it goes to the effort of relocating a regulator outdoors, it will relocate the meter as well. This option also requires PECO to divert resources and time away from its AGIMP to address lower risk work. As such, PECO further requests that the Commission allow NGDCs to address these concerns through existing DIMP plans.

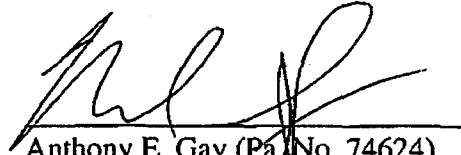
D. NGDCs should not bear the costs of relocating meters and regulators if the unsafe condition was caused by the customer

The Commission's newly proposed regulation at 52 Pa.Code § 59.18(10) requires utilities to bear the costs of meter and regulator relocations as well as any required line extensions due to safety concerns. While PECO agrees that NGDCs should bear the costs associated with moving meters, regulators and line extensions pursuant to their DIMPs, PECO believes that NGDCs should be allowed to charge a customer for these costs if the customer creates the unsafe condition. PECO believes this is a fair approach, which would ensure that customers will not subsidize those who create unsafe gas conditions. In addition, it would serve to deter customers from tampering with meters.

IV. CONCLUSION

PECO appreciates the opportunity to comment on this important matter and requests that the Commission favorably consider these comments and the attached proposed revisions to Annex A.

Respectfully Submitted,



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July 16, 2012

For PECO Energy Company

ANNEX A
TITLE 52. PUBLIC UTILITIES
PART I. PUBLIC UTILITY COMMISSION
Subpart C. FIXED SERVICE UTILITIES
CHAPTER 59. GAS SERVICE

* * * * *

§ 59.18. [Location of meters.] Meter and regulator location.

[In accordance with 49 CFR § 192.353, Meters shall be installed in either of the following locations:

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- (1) Inside the building, preferably in a dry, well-ventilated place not subject to excessive heat, and as near as possible to the point of entrance of the pipe supplying service to the building.
- (2) Outside the building at a location selected by the utility. A meter cover or housing is required if, in the judgment of the utility, conditions require the physical protection for the meter installation.]

(a) General requirements.

(1) When practical, a building may not have more than one service line. Service lines must terminate in the building in which the service line enters.

(2) Meters shall be installed at the service regulator. When more than one meter is set on a particular premises, they shall be set at one location. When it is necessary to install meters at multiple locations on the premises, the utility operator shall provide a tag or other means to indicate there are multiple meter locations.

(3) An outside, above-ground meter location may be used when availability of space and other conditions permit.

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(4) When selecting a meter or service regulator location, a utility shall consider potential damage by outside forces, including:

- (i) Vehicles.
- (ii) Construction equipment.
- (iii) Tools or other materials which could be placed on the meter.
- (iv) Falling objects, such as packed snow or ice from a roof.

(5) When potential damage is evident, the meter or service regulator shall be protected or an alternate location, either indoors or outdoors, shall be selected.

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(6) Meters and service regulators may not be installed in contact with the soil or other potentially corrosive materials. A utility shall consider the potential for shorting out the insulating fitting when choosing a location.

(7) The meter location must accommodate access for meter reading, inspection, repairs, testing, changing, and operation of the gas shut-off valve.

(8) The meter location must accommodate for the installation of the service line in a straight line perpendicular to the main.

(9) Meters and service regulators may not be installed in the following locations:

- (i) Directly beneath or in front of windows or other building openings which may be used as emergency fire exits.
- (ii) Under interior or exterior stairways.
- (iii) A crawl space with limited clearance.
- (iv) Near building air intakes.

(10) When the Commission or a utility determines that a meter or regulator must be moved for safety reasons, all costs associated with the relocation of such meter or regulator shall be borne by the utility, unless the unsafe condition was caused by the customer or a third-party. When a utility moves a meter in addition to the regulator, pursuant to this section, the cost of extending customer-owned facilities to the new meter location shall be borne by the utility, unless the relocation is due to a safety concern that was not caused by the utility.

(11) A customer requesting that a meter or regulator be moved shall pay the costs associated with such relocation when the meter and regulator are currently situated in a suitable location pursuant to state and federal guidelines.

(12) Utilities shall address meter location in their tariffs.

(b) Outside meter or service regulator locations. Outside meters or service regulators shall be installed in the following locations:

- (1) Above ground in a protected location, adjacent to the building served.
- (2) In a properly designed buried vault or meter box.

(i) The vault or meter box shall be located on a customer's property, either adjacent to the building served or near the gas main.

(ii) Vaults may be located in a public right of way. Consent of local jurisdictions may be required.

(3) A utility shall consider proper design and location criteria for a meter box, including the following:

(i) Ventilation.

(ii) Vehicular traffic.

(iii) Potential for soil accumulation.

(iv) Surface water runoff.

(v) High water table.

(vi) Proximity to building air intakes or openings.

(vii) Proximity to an excessive heat source.

(4) Piping installed through vault walls shall be properly coated to protect from corrosion.

(5) Vaults containing gas piping may not be connected by means of a drain connection to any other underground structure.

(6) When a meter box is located outside a paved surface, a utility shall consider the potential for fill, topsoil, or sod being placed over the vault, and when practical, choose an alternate location.

(7) A utility shall refer to the guide material under 49 C.F.R. § 192.355 (relating to considerations involving service regulator and relief vents in vaults).

(c) Inside meter or service regulator locations.

(1) Inside meter locations may be considered when:

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(i) An acceptable outside location is not available due to restrictions in Federally approved Historic Districts or in high risk vandalism districts.

(ii) Protection from ambient temperatures is necessary to avoid meter freeze-ups.

(2) Regulators may be located outside when a meter is located inside.

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(3) All installed inside meters shall be attached to an operable outside shut off valve.

(4) All regulators, connected to steel service lines, shall be relocated in accordance with each utility's Distribution Integrity Management Plan (DIMP).

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(6) Meters and service regulators should not be located in engine, boiler, heater, or electrical equipment rooms, living quarters, closets, restrooms, bathrooms, or similar confined locations.

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(7) Each service regulator installed within a building shall be located as near as practical to the service line entry point. When selecting the service regulator location, venting requirements and the vent piping location and length shall be considered.

(8) When a meter or service regulator is located inside a building, a utility shall comply with 49 CFR §192.365 (relating to valve locations). A utility shall install a readily accessible shut-off valve outside the building.

(d) Other meter or service regulator locations. A utility may consider a specially constructed cabinet recessed in the building wall, sealed from inside the building and vented to, and accessible from, outside the building.