

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

PUBLIC NOTICEFORMAL CASE NO. 1115, IN THE MATTER OF WASHINGTON GAS LIGHT COMPANY'S REQUEST FOR APPROVAL OF A REVISED ACCELERATED PIPE REPLACEMENT PLAN

1. The Public Service Commission of the District of Columbia ("Commission") hereby gives notice that on April 19, 2019, the Liberty Consulting Group ("Liberty") filed public and confidential versions of its Final Report Management Audit of Washington Gas Light Company's ("WGL") Accelerated Pipe Replacement Plan ("PIPES 1 Plan").¹ By this notice, the Commission solicits parties' and interested persons' comments on Liberty's Final Audit Report of WGL's PIPES 1 Plan.

2. By Order No. 17431, the Commission approved the first five (5) years of WGL's proposed 40-year PIPES 1 Plan to address the aging gas pipeline infrastructure in the District of Columbia and required annual audits of WGL's PIPES 1 Plan and expenditures to ensure timely work performance and fair and accurate recording of costs. The Commission required that the audit be completed in two Tasks, each with a separate report.² Task 1 would address the Accuracy of the Commission approved Cost Recovery Mechanism and would focus on whether the PIPES 1 project costs being recovered through the surcharge mechanism are accurate and are properly computed.³ Task 2 would address the PIPES 1 Project Selection and Management and would focus on ensuring that the PIPES 1 projects that were completed and being recovered through the mechanism: (1) are timely; (2) are consistent with the Annual Project List submitted by WGL; and (3) include projects from Program 1 (Bare and /or unprotected steel services), Program 2 (Bare and targeted unprotected steel mains and affected services and Program 4 (Cast iron mains and affected services) that meet the four requirements set forth in paragraph 68 of Order No. 17431.⁴ Pursuant to Order No. 17431, "[p]rojects that qualify for funding under the surcharge mechanism must satisfy all of the following four requirements: (1) the projects started on after June 1, 2014; (2) project assets are not included in WGL's rate base in its most recent rate case; (3) the projects do not increase revenues by directly connecting the infrastructure replacement to new customers; and (4) the projects are needed to reduce risk and enhance safety

¹ *Formal Case No. 1115, In the Matter of Washington Gas Light Company's Request for Approval of a Revised Accelerated Pipe Replacement Plan, ("Formal Case No. 1115")*, Liberty Final Report Management Audit of PROJECTpipes, filed April 19, 2019 ("Final Audit Report").

² *Formal Case No. 1115*, Order No. 17789, ¶ 74, rel. January 29, 2015 ("Order No. 17789").

³ *Formal Case No. 1115*, Order No. 17789, ¶ 74.

⁴ *Formal Case No. 1115*, Order No. 17789, ¶ 74.

by replacing aging corroded or leaking cast iron mains, bare and/or unprotected steel mains and services; and black plastic services in the gas distribution system.”⁵

3. Liberty was selected to conduct the Task 2 Management Audit. Liberty’s Final Audit Report addresses key elements of the PIPES 1 Plan and project management, including, but not limited to: (1) use of sound engineering judgement; (2) construction integrity, including the quality of installation and construction; (3) accuracy of the cost estimates; (4) reasons for cost overruns; and (5) reasonableness of actual costs.⁶

4. All parties who have signed a confidentiality agreement⁷ and are interested in commenting on the confidential version of the Final Audit Report as well as other persons interested in commenting on the public version of the Final Audit Report may submit written comments and reply comments no later than 30 and 45 days from the date of publication of this Notice, in the *D.C. Register*, respectively. Comments are to be addressed to Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, NW, Suite 800, Washington, DC 20005. Copies of the Final Audit Report may be obtained by visiting the Commission’s website at www.dcpssc.org. Once at the website, open the “eDocket” tab, click on “Search database” and input “FC 1115” as the case number and “282” as the item number for the public version of the Final Audit Report. Copies may also be purchased at cost by contacting the Commission Secretary at (202) 626-5150 or PSC-CommissionSecretary@dc.gov.

⁵ *Formal Case No. 1115*, Order No. 17431, ¶ 68.

⁶ *Formal Case No. 1115*, Final Audit Report at 2.

⁷ See 15 DCMR § 150 *et. seq.* (Confidential and Proprietary Information) (1992).