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PRESS RELEASE

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DCPSC Reduces WGL Proposed Budget for Pipeline Replacement Program and Opens Investigation into Natural Gas Distribution System Planning

Washington, D.C. - Today, the Public Service Commission of the District of Columbia (Commission) approved a modified version of the WGL's District Strategic Accelerated Facilities Enhancement (SAFE) Plan ([Formal Case 1179](#)) to replace immediate high-risk aging leak-prone pipe. The Modified District SAFE Plan represents a structural departure from the previously approved accelerated pipeline replacement program, PROJECT*pipes*. Specifically, the Modified Plan is a strategically focused risk-driven pipe replacement program, intended to avoid cascading leaks in the future by replacing aging, leak-prone high-risk mains and services, enhancing the safety and reliability of the natural gas system, and reducing greenhouse gas emissions for District residents while the District continues to solidify plans for full electrification.

"The Commission reviewed the public comments and testimonies, and made a decision rooted in the public interest. Ratepayers expect their safety and reliability to come first, and to move forward with our climate commitments. This decision does both. It strengthens oversight of our infrastructure, and it creates a new proceeding so we can plan our system with safety and climate goals moving together, not against each other," stated Commission Chairman Emile Thompson.

By a vote of two to one, the Commission approved a three-year plan period from July 1, 2026, through June 30, 2029, with a total budget of \$150 million, approximately a 30% reduction from WGL's proposed budget. Commissioner Richard Beverly cast the dissenting vote. The annual spending cap is established at \$45 million for year one, \$50 million for year two, and \$55 million for year three. The Commission adopted a structure in which the annual budget is reset each year with no rollover of unused funds. This approach is meant to balance the need for a safe and reliable natural gas distribution system in the District, while reducing the risk of stranded assets and minimizing impacts on ratepayers. The Commission modifies the use of the existing surcharge mechanism for cost recovery while adding a threshold requirement for cost recovery as part of the Modified District SAFE Plan. The Commission determines that this approach aligns with peer jurisdictions that have reformed rather than eliminated similar pipe replacement programs designed to meet the goals of the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Call to Action. The Commission sets an annual "threshold" amount of \$10 million for year one (22% of the modified District SAFE Year 1 budget), \$12.5 million for year two (25% of the Modified District SAFE Year 2 budget), and \$15 million for year three (27.2% of the Modified District SAFE Year 3 budget) of the Modified District SAFE program.

The order includes a robust set of reporting and compliance requirements for WGL to ensure greater transparency in the development, management, and performance of the Modified District SAFE Plan. These enhanced requirements include detailed annual project lists using the JANA Lighthouse risk

prioritization model to evaluate pipeline risk and project development within the plan. The Commission requires annual reporting of the risk model outputs, proposed project list, completed project reports, threshold reconciliation filings, performance reporting, and other compliance submissions at established intervals over the three-year period. These reporting requirements will ensure that the Modified District SAFE Plan remains consistent with our continued intent to maintain a balance between addressing immediate safety concerns while minimizing the risk of stranded assets, in alignment with the District's climate goals.

As stated in Order No. 22003, the Commission reaffirms that wholesale replacement of pipes is not necessarily the most cost-effective approach to risk mitigation. To ensure that pipeline replacement is pursued only when absolutely necessary, WGL will prioritize evaluating Non-Pipeline Alternatives (NPAs) and may include a project in the Annual Project List only if it provides a justification proving that no alternative can safely and effectively mitigate the identified risk. This explanation shall include any NPAs, including pipeline abandonment, considered to mitigate risk for any of the included pipe segments, and shall include a justification to pursue replacement instead. With respect to the WGL's proposed Non-Pipes Alternative (NPA), the Commission approves WGL's Customer Choice Pilot Program with modifications in the order, a graduated notification-and-opt-out program that allows customers to opt out of gas service on service lines scheduled for replacement. The Commission believes that this program is a step in the right direction toward minimizing stranded assets and directly aligns infrastructure work with the District's climate goals of moving towards electrification and minimizing unnecessary investments in the gas grid.

The pipeline work authorized under the Modified District SAFE program shall be strictly based on quantified risk reduction per dollar spent. WGL shall not be allowed to modify the list of projects following the Commission's approval of the annual project list submission without seeking prior permission from the Commission.

The Commission is also opening a formal proceeding, an Integrated Natural Gas Distribution System Planning (INGDSP), to better aid the Commission and its stakeholders in planning gas distribution in the District ([Formal Case 1187](#)). The investigation is the result of issues raised and addressed in Formal Case No. 1179 concerning long-term natural gas infrastructure planning and risk management. The Commission adopts the Clean Energy Cohort Roadmap developed by the National Association of Regulatory Utility Commissioners (NARUC) as part of its Task Force on Natural Gas Resource Planning (NARUC Task Force) Roadmap to guide the District INGDSP. Staff have been directed to establish a working group within 75 days. Stakeholders are invited to file comments within 45 days, and the working group as a first step, will submit a Joint Report on Step 1, Establishing the Planning Scope for the INGDSP within 180 days.

This proceeding builds upon the District's legal and policy framework established by the D.C. Council, including statutory mandates requiring the Commission to consider environmental quality, climate commitments, and conservation of natural resources when regulating utilities. Recent legislation sets aggressive greenhouse gas reduction targets and building standards that will directly affect long-term natural gas planning.

The Commission encourages participation from utilities, consumer advocates, environmental organizations, industry representatives, and other interested stakeholders in the working group to ensure a comprehensive and transparent review.

For more information, please visit www.dcpssc.org or contact the Office of the Commission Secretary at (202) 626-5150.

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