





**Columbia Gas
of Pennsylvania**
A NiSource Company

We exist to deliver safe, reliable energy that drives value to our customers





Testimony in Support of House Bill 1655

Before the Pennsylvania House Consumer Protection, Technology & Utilities Committee
September 6, 2023



- Natural gas utility regulated by the Pennsylvania Public Utility Commission (PUC)
- Provides essential energy services to more than 442,000 customers in 26 Counties and 450 Municipalities
- Maintains more than 7,700 miles of pipe in service territory
- Since 2007 focused on expediting pipeline replacement to:
 - Enhance service & reliability
 - Reduce methane emissions
 - Invested more than \$2.4 billion to replace over 1,300 miles of bare steel and cast iron pipe



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- Using a complex computer program that tracks leak history, proximity to schools and many other factors we determine year to year which pipes need to be replaced first. We then apply for permits in the municipality in which those pipes are located.
- In order for the municipality to recover the costs of reviewing our project specs, they are allowed by law to charge reasonable permit fees. Here in Pennsylvania, municipal permit fees are supposed to be limited to the costs associated with reviewing and administering permits.
- Local governments are not permitted to use such fees as a source of revenue. PA Courts have upheld this rule several times, including most recently in 2019 in Lancaster vs PPL.
- Unfortunately, multiple municipalities served by Columbia Gas are violating this court ruling.







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- **The costs for Columbia Gas to replace pipe has grown significantly since we started expediting pipeline replacement in 2008.**
 - In 2008, our cost per foot was approximately **\$81**
 - In 2022, it has grown to **\$278** per foot
- **Some of the reasons for this are the same that we see in all areas of our economy.**
- **However, the biggest reason in multiple areas of our territory is the increase in permit fees and restoration requirements mandated by municipalities.**
- **PennDOT Permit Inspection Fees:**
 - 40 cents per linear foot in pavement
 - 20 cents per linear foot in shoulder
 - 10 cents per linear foot in grass/right of way
 - Possible additional inspection or compaction testing fees on a project



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Examples of Municipal Permit Inspection Fees in Service Territory Exceeding PennDOT Fees

- **Brownsville Borough**, Fayette County – old ordinance \$6 per linear foot / new ordinance \$1 per linear foot
- **Canonsburg Borough**, Washington County, **Oakdale Borough and Stowe Township**, Allegheny County Street opening fee is \$1 per square foot with \$500 minimum; Curb cut fee is \$1 per linear foot with \$250 minimum; Sidewalk construction fee is \$1 per square foot with \$100 minimum; Plus \$100 flat fee for "public right-of-way disturbances. Basic operations work permit fees now average \$600 up to \$950 per permit. Pipeline replacement projects have cost between \$8,000+ and \$13,000+ per project based on size.
- **Charleroi Borough**, Washington County - \$8 per linear foot up to 100 feet; plus \$2 per linear foot after that
- **Dunbar Township**, Fayette County - \$250 application fee plus \$5 per square foot per opening plus engineering and inspection fees of \$75 to \$150 per hour
- **Irwin Borough**, Westmoreland County - \$80 for one to 15 square feet of excavation plus \$2.50 per square feet of excavation after



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Examples of Municipal Permit Inspection Fees in Service Territory Exceeding PennDOT Fees

- **Luzerne Township**, Fayette County - \$6 per linear foot
- **Meade Township**, Clarion County – minimum \$600 permit fee for up to 60 square feet of an opening, plus an additional \$8 per square foot over 60 square feet. For roads less than five years old, \$800 minimum permit fee for up to 60 square feet of an opening, plus \$8 per square foot over 60 square feet.
- **Menallen Township**, Fayette County - \$150 application fee, plus \$75 per hour with 4 hour minimum engineering inspection fee = \$300, plus \$3.67 per square foot fee
- **Redstone Township**, Fayette County - \$150 application fee, plus \$75 per hour with 4 hour minimum engineering inspection and supervision fee = \$300, plus \$36.70 per square foot fee
- **Sewickely Township**, Westmoreland County – \$2 per square foot permit fee plus engineering and inspection fees. The ordinance states “All backfill and permanent pavement work must be performed under the continuous observation of a Township designated inspector/testing agency.”

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Specific Example

Columbia Gas has proposed two pipeline replacement projects in Dunbar Township.

- Dickerson Run Project replacing 3,707 feet of two inch mainline pipe
 - PennDOT Permit Fee = \$1,450 plus compaction testing fees
 - Dunbar Township Permit Fee is \$250 per application plus \$5 per square foot = **\$74,390** plus engineering inspection fees
 - \$250 application fee plus 3,707 feet of pipe x 4 foot wide opening (2 foot trench with 1 foot cutbacks on each side) = 14,828 sq feet x \$5 = \$74,140

- Dewitt Ave Project replacing 2,764 feet of eight inch mainline pipe
 - PennDOT Permit Fee = \$1,060 plus compaction testing fees
 - Dunbar Township Permit Fee is \$250 application plus \$5 per square foot = **\$69,350** plus engineering inspection fees
 - \$250 application fee plus 2,764 feet of pipe x 5 foot wide opening (3 foot trench with 1 foot cutbacks on each side) = 13,820 sq feet x \$5 = 69,100

• **TOTALS FOR BOTH PROJECTS – PennDOT = \$2,510 Dunbar Township = \$143,740**

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General PennDOT Road Restoration Standards – 67 PA Code Section 459.8

- Mill and overlay the traffic lane area in which an opening or openings were made – paving is 1.5 inches thick
- If four or more openings have been made within 100 linear feet, overlay the traffic lane(s) where the openings were made
- Transverse openings/ street crossings
 - If four or more openings are made within 100 linear feet, overlay the entire disturbed area. commonly referred to as curb to curb restoration
 - If road is less than five years old, if two or more openings are made overlay the lanes between the openings






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Local Government Restoration Requirements Above PennDOT Standards

Regardless of size of opening – 3x5 cut or 5,000 feet pipeline replacement the local government demands significant rate payer paid paving in areas the company's work never disturbed.

- **Ambridge Borough**, Beaver County – tie together any cuts within 700 feet (over 1/10th of a mile) of each other
- **Bethel Park Borough**, Allegheny County – 3.5 inch thick mill and pave requirement
- **Brownsville Borough**, Fayette County – old ordinance curb to curb plus 20 feet on each side of a cut
- **Canonsburg Borough**, Washington County – curb to curb plus 25 feet on each side of a cut
- **Canton Township**, Washington County – contained within a required "Road Maintenance Agreement" to receive a permit, 100 feet of paving restoration on each side of a cut in a lane
- **Charleroi Borough**, Washington County – curb to curb paving if more than ten percent of the square area of any 50 foot length of roadway is opened
- **Chippewa Township**, Beaver County – curb to curb plus 25 feet on each side of a cut
- **Harmony Township**, Beaver County – curb to curb plus 15 feet on each side of a cut
- **Oakdale Borough**, Allegheny County – curb to curb plus 25 feet on each side of a cut

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- **City of Pittsburgh**, Allegheny County – 3.5 to 4 inch paving thickness required on "major roads" and additional requirements to tie together prior openings (regardless of what company made them) and formulas requiring additional paving based on where work took place and size of project. Curb to curb paving required if road is less than five years old.
- **Sewickley Township**, Westmoreland County – Ordinance requiring curb to curb paving when one or more transverse opening are made within 25 feet of pavement (PennDOT is 100 feet). For "new roads" cuts totaling 90 square feet within a block requires curb to curb repaving of the ENTIRE BLOCK(S).
- **Stowe Township**, Allegheny County – curb to curb plus 25 feet on each side of a cut
- **West Brownsville Borough**, Washington County – curb to curb paving plus 10 feet on each side of a cut.



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Specific Example

Canonsburg Borough – Restoration standard is curb to curb paving plus 25 feet on each side of a cut

- Columbia Gas conducted two pipeline replacement projects, Pitt Street and Smith Street projects, in 2022/23 in the borough.
- To restore/pave the roads impacted by Columbia's work during the two projects to the PennDOT restoration standards the estimated costs is \$260,000.
- **To restore/pave the roads impacted by Columbia's work during the two projects to the borough's curb to curb plus 25 feet standard is estimated at \$470,000 or an additional \$210,000.**
- Columbia's rate payers would be paving large sections of road in the borough where there was no damage, disturbance or work taking place.

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Specific Example

West Brownsville Borough – restoration standard is curb to curb plus 10 feet on each side of a cut





- Columbia Gas has conducted 11 Operations procedures including disconnecting piping to abandoned buildings (safety mandate), leak repair (safety mandate) and new service installations (PUC requirement). Our work included road openings ranging from 3x5 feet, 5x5 feet or 7x7 feet.
- Columbia disturbed approximately 730 square feet of road surface during this work.
- The borough's curb to curb paving plus 10 feet would require the repaving of 5,970 square feet of road or more than 800% of the disturbed area.
- The cost to restore these operational road openings to the PennDOT standard is approximately \$4,500. **The cost to restore the openings to the borough's standard is more than \$32,000.**

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A word about money...

- Money flows into a regulated public utility through two channels – investment and rates. The investment dollars are capital dollars and are paid back with interest.
- All of the cash that funds our operations comes from utility rates, as approved by the PUC.
- Customers pay for almost everything – and all our customers pay the same rates, regardless of the municipal ordinances or fees in a given area.
- This means that if a municipality in Allegheny County is overcharging the utility for permit or engineering fees, customers in York, State College and Warren are paying extra.
- We have considered the idea of having the costs for each municipality be reflected on customers bills, but this would cost money to administer and so we would prefer simply having a reasonable cap on what municipalities can charge.

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- In conclusion, Columbia Gas believes that local municipalities deserve to be paid a fair and reasonable amount for the administration of government functions such as reviewing permits and appropriate inspection work that takes place in their streets.
- Columbia Gas also believes that some local governments are intentionally or unintentionally using utilities as a means of raising revenue.
- Columbia Gas customers have been forced to pay significantly more than the state standards – forcing the company into litigation, which we almost assuredly will win.
- Instead of battling one jurisdiction at a time and wasting thousands of dollars, Columbia requests the Committee move HB 1655, which puts a reasonable cap on what a local government can charge for permit and engineering fees and restoration, but still provides them with the ability and flexibility to set reasonable fees and standards to meet their individual needs.





Questions?

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