



Natural Gas Ratepayers and DIMP

Regulations from the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration concerning minimum gas pipeline safety standards were effective in February 2010. Natural gas utilities had to have a Distribution Integrity Management Program (DIMP) implemented by August 2, 2011 to address these regulations.

Under the DIMP, as approved by the Public Utilities Regulatory Authority (PURA), older cast iron and bare steel piping in the natural gas infrastructure will be replaced at an accelerated rate. PURA decided that the rate mechanism for DIMP would be examined in each gas company's rate case. (PURA Docket No. 13-06-02, *PURA Investigation of Connecticut's Local Distribution Companies' Proposed Expansion Plans To Comply With Connecticut's Comprehensive Energy Strategy*, Nov. 22, 2013 Decision at 24 & 25.)

While Yankee Gas built two years of DIMP costs into its multi-year rate case that was the subject of former Department of Public Utility Control (DPUC) Docket No. 10-12-02, Connecticut Natural Gas Corporation (CNG) is the first of the three regulated gas companies in Connecticut to have a DIMP rate surcharge authorized to charge program expenses to ratepayers in between rate cases. CNG's DIMP was approved in its recent rate case, PURA Docket No. 13-06-08, *Application of Connecticut Natural Gas Corporation To Increase Its Rates and Charges*. PURA approved DIMP expenditures by CNG of \$15.4 million in the first year; \$18.3 million in the second year; \$21.2 million in the third year; and \$21.7 million per year thereafter until PURA approves any alternative following CNG's next rate application. CNG may spend more than the listed amounts; however, for amounts greater than an additional 15%, it must obtain PURA approval. (PURA Docket No. 13-06-08, Decision at 153.) CNG will track its DIMP expenditures this year and charge them to ratepayers in 2015. Ratepayers will not see a separate charge on their bills. Instead, the DIMP charge will be included in base distribution rates.



In the CNG rate case, OCC objected to a DIMP mechanism for a number of reasons, including: (1) it is not authorized by state statute and would result in single-issue, retroactive ratemaking, and (2) OCC does not believe that CNG has done the proper analysis for the magnitude of the program it has proposed. (OCC Brief in Docket No. 13-06-08.)

<http://www.dpuc.state.ct.us/DOCKCURR.NSF/6d791bb4bbbfc33c85257523004e0194/63589c4be7f7ee4185257c240065dbd5?OpenDocument&scrollTop=512>