TESTIMONY OF
CONNECTICUT NATURAL GAS/ SOUTHERN CONNECTICUT GAS

Proposed Senate Bill 346 – AN ACT ESTABLISHING PARITY FOR OIL AND GAS LEAK REPAIRS

Environment Committee
March 14, 2018

The Connecticut Natural Gas Corporation (CNG) and Southern Connecticut Gas Company (SCG), subsidiaries of AVANGRID/UIL Holdings, Inc., would like to offer comments on proposed **Senate Bill 346 - AN ACT ESTABLISHING PARITY FOR OIL AND GAS LEAK REPAIRS.**

Established in 1847, SCG serves approximately 190,000 residential, commercial and industrial natural gas customers in the greater New Haven and Bridgeport areas. CNG, established in 1848, serves approximately 170,000 residential, commercial and industrial natural customers in the greater Hartford-New Britain area and Greenwich, Connecticut. The two companies employ more than 600 Connecticut residents.

CNG and SCG have serious concerns with the proposed bill and urge the committee to take no action. Requiring all leaks to be repaired within 48 hours of discovery goes against a well-established system, and will divert resources from higher priority or emergency calls to address potentially non-hazardous leaks.

CNG and SCG, along with Eversource (collectively, the Local Distribution Companies, or LDCs) are heavily-regulated public utilities. The LDCs fall under the scrutiny of the State of Connecticut Public Utility Regulatory Authority (PURA) and regulations set by United States Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA).

The LDCs already have comprehensive leak management programs. These programs meet and exceed PHMSA and PURA regulations. The programs begin with a proactive leak survey to find natural gas leaks. Once leaks are detected they get classified according to the potential risks they impose, and handled accordingly. The primary goal of these surveys is to find and repair leaks before they become a hazard to the public.

The LDCs believe that the established system of monitoring and repairing system leaks is well designed to protect the public, and prioritizes leaks that pose the greatest threat to both persons and property. The responsibility of identifying leaks, maintaining leak records, and scheduling repairs belongs appropriately to the local gas utility that have appropriate Federal and State regulations and oversight. It is the utility's job to maintain and secure its system, including the identification and, when necessary, the repairs of leaks on the system. Leaks are graded and reported to State regulators on a regular basis and in accordance with the State's directive on leak classification and reporting.

Connecticut LDCs are required to respond to leak calls from customers in a timely manner. Specifically, they must respond within 30 minutes if a leak is reported during normal business hours and within 45 minutes if a leak is reporting after hours or on a holiday.

Further the LDCs submit monthly reports to PURA on late leaks and performance. CNG and SCG meet these timelines more than 99.4 percent of the time.

It is worth noting that the LDCs report to PURA not only on the leak repairs, but on many other maintenance requirements that ensure the systems remain safe and reliable. PURA schedules comprehensive O&M audits and reviews all pertinent data. It schedules DIMP, CRM, LNG, Drug and Alcohol policy adherence, and PAP audits. LDCs are heavily regulated, and the industry, and CT, has a very safe performance record. In addition, the LDCs have comprehensive leak management programs in place that meet or exceed federal and state pipeline safety regulations. These programs address both leak response and leak surveys.

Leak Survey

While the LDCs are required to proactively survey their facilities for leaks, Connecticut LCDs' programs go well above the minimum code requirements. The LDCs survey all mains annually; they survey all services on a three year cycle; they add additional surveys in the winter months (when risks increase due to cold weather) and continue with these additional surveys until the risk of frost heave and leaking facilities has subsided; they perform an annual building of public assembly survey pursuant to which they walk these services looking for leaks and abnormal operating conditions all the way to the outlet of the meter; and CNG has a special pressure CI survey performed in the cold months, in addition to the winter patrol.

Leak Classification

Leaks detected on the systems are classified based on the potential hazard the leak represents. There are three classifications of leak as outlined by state and federal agencies – Grade 1, Grade 2, and Grade 3.

- **Grade 1 leak** represent an existing or probable hazard to persons or property. Grade 1 leaks are repaired as immediately as possible and continuous action is taken until the conditions are no longer hazardous.
- **Grade 2 leaks** are recognized as non-hazardous to persons or property at the time of detection and repairs are scheduled based on probable future hazard. Grade 2 leaks are repaired or eliminated within twelve months from the date they are detected and reevaluated once every 6 months until the leak is eliminated.
- **Grade 3 leaks** are recognized as non-hazardous to persons or property and can be reasonably expected to remain non-hazardous. Grade 3 leaks are reevaluated every 12 months to ensure they remain non-hazardous until the leak is eliminated. Additionally, the LDCs have worked with State regulators to develop a program to repair Grade 3 leaks on "state of the art" facilities, i.e. newer infrastructure that would not be included in the replacement program.

The scheduling of leak repairs following these guidelines allows appropriate allocation of resources in order to remediate those leaks that pose the greatest immediate or potential hazard to the public. Requiring all leaks to be repaired within 48 hours of discovery goes against this well-established system, and will divert resources from higher priority or emergency calls to address potentially non-hazardous leaks.

Pipeline Replacement

The LDCs believe that the most effective way to eliminate and reduce gas leaks, particularly those that are non-hazardous in nature, is through a pipe replacement program. The CT companies have accelerated replacement programs where based on risk the worst performing facilities get replaced first.

This approach is more effective and economical than repairing non-hazardous Grade 3 leaks for several reasons:

- The process of locating a leak for repair relies on the leak providing a sufficient leak rate to accurately pinpoint the leak for excavation. Grade 3 leaks, which typically only have small amounts of gas escaping from the pipe, can be difficult, if not impossible, to locate for repair. This could result in a lengthy time to locate and repair non-hazardous leaks, which creates a disruption to the community, traffic, and the roadway.
- Repairing a Grade 3 leak eliminates only 1 leak and in fact, the act of excavating a pipeline and repairing a leak may disturb the supporting soil or the pipeline resulting in additional leaks.
- Repairing Grade 3 leaks does not solve the root cause of the problem. The aging, leak prone pipe remains in the ground and continues to degrade over time and additional leaks will occur.

Under the current programs, CNG will replace all such facilities in 16 years and SCG will replace all such facilities in 20 years.

The LDCs are required to evaluate all threats and evaluate their imposed risks according to the federal Gas Distribution Pipeline Integrity Management regulation. These programs identify and prioritize the replacement of those areas of leak prone facilities according to risk. By following the DIMP plan, the LDCs are able to efficiently and cost effectively replace mains and services before they become a leak source. This results in prudent cost management of ratepayer dollars. For these reasons, as well as other factors, pipe replacement is the most effective way to eliminate Grade 3 leaks and reduce the likelihood of all grades of leaks from occurring in the future.

Thank you for the opportunity to offer these comments on proposed Senate Bill 346. If you have additional questions, please contact Al Carbone, AVANGIRD/UIL State Government Relations Manager, at (203) 671-4421 or albert.carbone@avangrid.com.