

From: Doll, Laura  
Sent: 5/22/2014 6:36:20 AM  
To: elizaveta.malashenko@cpuc.ca.gov (elizaveta.malashenko@cpuc.ca.gov);  
kenneth.bruno@cpuc.ca.gov (kenneth.bruno@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: Article...Gas Explosions Appear Inevitable, Given State of Pipes

FYI in case you didn't see this yesterday.

Laura

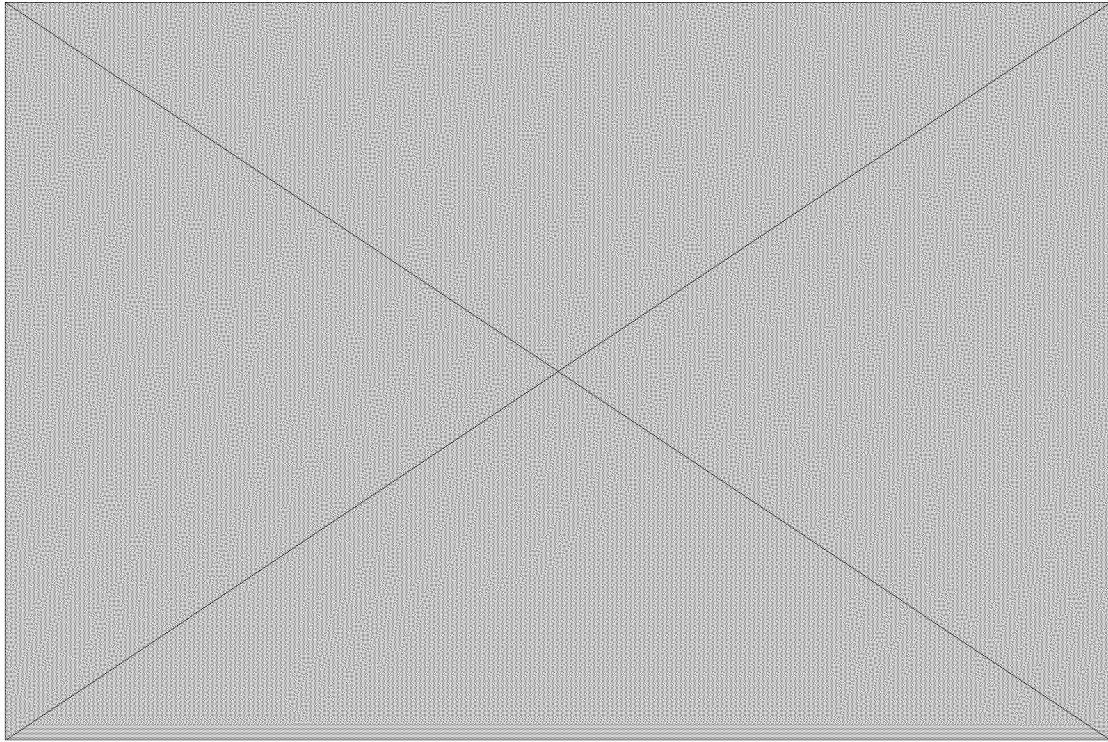
**From:** Stavropoulos, Nickolas  
**Sent:** Wednesday, May 21, 2014 9:49 AM  
**Subject:** FYI: Article...Gas Explosions Appear Inevitable, Given State of Pipes

## Gas Explosions Appear Inevitable, Given State of Pipes

### Replacing Some Decrepit Iron Lines Could Take Until 2050

By

Cassandra Sweet



An old iron pipeline was implicated in March explosion that killed eight people and leveled two buildings in New York. *AP*

On January 25, 2009, a police officer in Gloucester, Mass., came home after a shift, greeted his dog, Penny, and flipped on the lights. Then his house blew up.

The blast killed Penny, left patrolman Wayne Sargent badly burned and destroyed the house his grandfather built.

Investigators quickly identified the cause: natural gas from a cracked cast-iron distribution line with a recent history of leaks. It was installed in the street in 1922.

The U.S. Transportation Department three years ago issued a "Call to Action" urging gas companies to replace thousands of miles of decrepit iron pipe. But it could take some utilities until 2050 to get up to snuff.

Why? After decades of neglect, replacing the huge backlog of old gas pipe is nearly impossible, says Mark McDonald, a pipeline-safety consultant and president of the New England Gas Workers Association. Digging up the aging lines and putting in new ones is so expensive and time consuming, there is not enough manpower—or materials—to get it done in short order.

"Everyone would like to have an instant solution to this problem, but there just isn't one," Mr. McDonald says.

More than 30,000 miles of aging cast-iron and wrought-iron pipelines carrying explosive natural gas crisscross cities and towns around the country. Big concentrations are centered in Boston, Detroit, Chicago, Louisville, Ky., and New York, where an old iron pipeline was

implicated in a March blast that killed eight people. A gas leak from an undetermined source triggered an explosion last month in Boston that injured at least two people and sent about 10 others to the hospital.

Regulators have long known that these pipes, which were installed starting in the 1830s, are far more dangerous than more-modern natural-gas lines made of steel or plastic. Iron lines are four times as likely as other kinds of pipe to be involved in an accident, according to federal data.

Regulators have made it easier for pipeline companies to pass along the costs of upgrades to customers. But utilities often don't want to lay out the millions of dollars of upfront funds and then wait years to get approval to recoup their spending.

That fight has been playing out in New Jersey, where Public Service Electric & Gas Co. of Newark owns more than 4,000 miles of iron pipe. The Public Service Enterprise Group Inc unit has been replacing about 60 miles worth each year, at a cost of \$1.4 million a mile. At that rate, it would take roughly 60 years and \$5.6 billion to complete the job.

The utility could do it in 20 years if state regulators agreed in advance that consumers would pay for the work, says Jorge Cardenas, PSE&G's vice president of asset management. "The replacement cost is very high," he says. "There has to be a way to recover it in a timely manner."

A spokesman for the New Jersey Board of Public Utilities says other utilities in the state are moving more quickly to replace old iron pipe. "PSE&G certainly has much more work to do in its territory," he says.

Customer advocates balked when the utility asked to spend \$1 billion to replace 750 miles of cast-iron pipes in flood-prone areas, even if they weren't the oldest or most problematic lines in the network. This month the utility agreed to slash its flood-related pipeline spending to \$350 million.

"You can't replace them all at once and still have people able to afford to pay for heat and electricity," says Stefanie Brand, director of the state Division of Rate Counsel.

Utilities with less-extensive networks are much closer to phasing out old pipe. Louisville Gas & Electric Co., a unit of PPL Corp., plans to replace more than 1,100 sections of iron pipe, each as long as 75 feet, beneath the city and nearby towns by 2016.

Nationwide, utilities repaired nearly 480,000 leaks on gas mains and smaller gas pipelines last year and have an additional 105,500 leaks that need repairs, according to a Wall Street Journal analysis of data compiled by the U.S. Pipeline and Hazardous Materials Safety Administration.

Simply patching leaky pipes doesn't satisfy critics. "It's been a recognized threat for years," says Carl Weimer, executive director of watchdog group Pipeline Safety Trust in Bellingham, Wash. "We really need to speed up the replacement of these pipes."

National Grid PLC, the U.K.-based company that owns the Gloucester pipe that exploded and leveled Mr. Sargent's house, operates more old iron gas mains than any company in the U.S.,

some 5,500 miles of pipe across Massachusetts, New York and Rhode Island. It has been replacing an average of 140 miles of iron pipes a year, according to federal data. National Grid plans to pick up the pace so that it can replace most iron gas mains by 2040, although it could take another 10 years to finish the job in Boston and New York because of the density of the cities.

The utility would move more quickly if it could find more qualified pipeline workers and adequate supplies of steel and plastic pipe, says Susan Fleck, National Grid's vice president of gas pipeline safety. "We're talking about hundreds of miles of pipe, thousands of valves," she says. "We're just one company, and all the manufacturers are trying to keep up."

Massachusetts lawmakers are mulling new rules that would require National Grid and other utilities to fix pipeline leaks faster, funded by customers.

"Until something tragic and dramatic happens, a lot of times it's hard to get the focus of elected leaders," says state Rep. Lori Ehrlich, a Democrat from Marblehead, Mass.

Mr. Sargent sued National Grid after the 2009 explosion, eventually settling for between \$250,000 and \$500,000—enough to pay off his mortgage and retire. His insurance company paid to rebuild his house and later recovered the money from the utility.

He says he hopes companies get serious about replacing old pipes.

"It didn't have to happen, and that's what bothers me most about it," says Mr. Sargent, 63 years old. "Reading through their manuals, it's like they know they're going to have one of these things happen, it's like they expect it."