

**WRITTEN TESTIMONY  
OF  
CHARLES GOODWIN**

**UIL HOLDINGS CORPORATION (Southern Connecticut Gas and Connecticut Natural Gas)**

Regarding

**Raised House Bill 232  
AN ACT CONCERNING THE ALLOWABLE PERCENTAGE OF LEAKAGE FROM  
GAS PIPELINES**

**Before the  
Environment Committee**

**Legislative Office Building  
February 4, 2019**

Good morning Senators Cohen and Kushner, Representatives Demicco and Gresko and the members of the Environment Committee. My name is Charles Goodwin and I am the Director of Regulatory and Tariffs for UIL Holdings Corporation (“(“UIL”),”), the parent company for Southern Connecticut Gas (“SCG”) and Connecticut Natural Gas (“CNG”) , and wholly-owned indirect subsidiaries of Avangrid, Inc. I thank you for this opportunity to offer this testimony on behalf of SCG and CNG on **Raised House Bill 232, AN ACT CONCERNING THE ALLOWABLE PERCENTAGE OF LEAKAGE FROM GAS PIPELINES.**

The stated purpose of the Bill is to reduce methane emissions and certain charges to gas customers. The Bill would reduce the annual Lost and Unaccounted For (“LUAF”) percentage from 3% to 1% for Local Distribution Companies (“LDCs”) as a threshold for a Public Utilities Regulatory Authority (“PURA”) initiated docket. It would also unfairly disallow any recovery of costs associated with lost and unaccounted for gas. UIL respectfully suggests that a reduction in the annual tolerance for the LUAF percentage is not the appropriate measure of reductions in methane emissions, nor does it focus on the most effective measures that can be taken by the LDCs in Connecticut to reduce methane emissions. It is more appropriate to address concerns with methane emissions via aggressive programs to repair and replace aging gas distribution infrastructure, which we are doing. As I will describe further later in this testimony, UIL’s views on this issue are re-enforced by both PURA and the U.S. Environmental Protection Agency (“EPA”). For these reasons, UIL does not support Raised House Bill 232, and urges the Committee to take no action.

LUAF gas is the inevitable imbalance that exists at any given time between the measured gas coming into a utility distribution system and the measured gas going out of the same system. It

is widely recognized that LUAF is largely an accounting and ratemaking issue – not an operational issue. In fact, true gas leaks are generally a de minimis portion of overall LUAF gas – a point again acknowledged by both PURA and EPA. LUAF is a mathematical estimate that contains a variety of factors:

- measurement estimates impacted by temperature and pressure variations,
- timing differences between when gas is measured coming into the system (daily) versus how gas is measured leaving the system (not daily, but rather staggered over months based on the utility's cycle billing schedules for customers),
- use of gas by the utility in operations for such things as purging the system,
- third-party damage by crews or property owners,
- theft or meter tampering, and finally
- true leakage.

PURA issues an annual report on the LDCs filings of their LUAF calculations. In their 2018 report in Docket No. 18-03-28, leakage represented about 1% to 2% of the total LUAF value for UIL's gas companies in 2016 and 2017. Accounting or the timing differences between measuring gas in and out of the system represented about 80% to 90% of the total calculated LUAF (it's worth noting that PURA has previously sought to modify the existing legislation on LUAF reporting to change from a calendar annual reporting period to a 12-month ending summer reporting period, which would help minimize the impacts of the accounting or timing differences). Temperature and pressure impacts on measurement represented about 10% to 20% of the total LUAF, with theft, along with leakage as de minimis impacts. These concepts are also

supported by EPA. In comments related to its Mandatory Green House Gas (“GHG”) Reporting Rule, EPA said it “disagrees on the use of LUAF as a surrogate for greenhouse gas emissions data collection”, and that “there are other multiple factors associated with LUAF, such as inaccuracies of gas measurement, and thus would not provide the desired level of data accuracy and quality to achieve the objectives of the rule”. EPA’s comments go on to say that “Most importantly, because LUAF would not identify the exact sources of the emissions, there would be further inadequacies for informing policy”.

In Connecticut, the LDCs are heavily regulated through PURA, their Gas Pipeline Safety Unit (“GPSU”), and the USDOT Pipeline and Hazardous Materials Safety Administration (“PHMSA”). In fact, the State has extremely comprehensive leak management programs that meet and exceed PHMSA and PURA regulations. Connecticut, fortunately, has had a very good safety record relative to natural gas operations. PURA, led by their GPSU division, have instituted among the most aggressive programs regionally, if not nationally, regarding replacement of aging distribution infrastructure – that is, replacement of bare steel services and cast iron mains. UIL is fully supportive of these PURA-initiated programs as we believe the most effective way to eliminate and reduce gas leaks is through a pipe replacement programs. PURA has furthered federal initiatives by approving accelerated investment in aging infrastructure via its Distribution Integrity Management Program (“DIMP”). All three of the State’s LDCs currently have ongoing DIMP programs. For UIL’s gas companies, SCG and CNG, we have implemented replacement programs a number of years ago under PURA’s guidance and oversight, and are on the path for full replacement of the aging bare steel and cast iron infrastructure in roughly 15 years. Of course these investments need to be balanced between the ability of our customers to support the programs through rates and the pace of full

replacement. But again, Connecticut's replacement programs are among the most aggressive replacement programs in the industry.

In summary, UIL urges the Committee to take no action on Raised House Bill 232 and allow the LDCs in the State to continue to work with PURA and their GPSU division to focus our efforts on the most effective means of minimizing true leakage on the gas systems, and thus minimize methane emissions in the Connecticut via aggressive pipe replacement programs.

Thank you for your time and attention, and I would be happy to answer any questions.

You may also contact Al Carbone, Manager, AVANGRID/UIL State Government Relations at (203) 671-4421.