

TESTIMONY OF
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Before the Environment Committee
February 4, 2019

**RE: OPPOSITION TO S.B. 232, AN ACT CONCERNING THE ALLOWABLE PERCENTAGE
OF LEAKAGE FROM GAS PIPELINES**

My name is Vincent Pace and I am Associate General Counsel, for Connecticut State Regulatory matters, for Eversource Energy. I am offering Eversource's testimony in opposition to S.B. 232 that has been raised for public hearing.

Eversource transmits and delivers electricity to 1.2 million customers in 149 cities and towns, and provides natural gas to 222,000 customers in 72 communities in Connecticut. Eversource harnesses the commitment of its approximately 8,000 employees across three states to build a single, united company around the mission of delivering reliable energy and natural gas, and superior customer service. Eversource's affiliate, Yankee Gas Services Company d/b/a Eversource Energy, safely and reliably delivers natural gas service to Connecticut customers.

Eversource respectfully opposes SB 232 for the reasons explained in considerable detail in the February 4, 2019 testimony filed by Mr. Charles Goodwin, Director of Regulatory and Tariffs for UIL Holding Corporation. UIL Holdings is the parent corporation for the local natural gas distribution companies ("LDCs") Connecticut Natural Gas Corporation and the Southern Connecticut Gas Company.

This bill proposes to reduce the annual allowable percentage of Lost and Unaccounted for ("LUAF") natural gas from 3% to 1% for LDCs and would disallow any recovery of the cost associated with LUAF gas.

While Eversource supports the important goal of reducing methane emissions, it is critical to recognize that the most effective and proven method of achieving leak reductions is to continue each of Connecticut's three LDCs' aggressive, *ongoing* programs to proactively repair and replace leak prone natural gas distribution infrastructure under the careful oversight of the Connecticut Public Utilities Regulatory Authority ("PURA"). Repairing and replacing old equipment is the most effective means of achieving Connecticut's goal of reducing methane emissions. PURA is a recognized leader in both New England and nationally for its proactive and safety-focused pipeline replacement programs for our State's three LDCs.

In addition, S.B. 232 incorrectly assumes that a reduction in the annual tolerance for the LUAF percentage is an appropriate measure of reductions in methane emissions. But S.B. 232's assumption is incorrect for the following reasons:

- PURA's July 20, 2018 report to the General Assembly on LUAF concluded that "... LAUF gas is not a precise measure of actual methane emissions from the gas distribution system. While it is very difficult to accurately measure or estimate the actual amount of LAUF gas attributed to leaks from a distribution system, the data indicates that leaks are generally a de minimis component of LAUF gas."¹

¹ PURA Docket No. 18-03-28, 2018 Pura Report To The General Assembly Concerning Lost And Unaccounted For Gas, dated July 20, 2018 ("July 20, 2018 PURA Report") at Page 2. Copy available at:

- Second, PURA concluded that “LAUF gas generally results from circumstances outside the control of the LDCs, including measurement inaccuracy, accounting differences, theft, venting, and damage to plant.”²
- Finally, the United States Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (“PHMSA”) concluded that “LAUF gas is not a valid proxy for either unknown leak volume or methane emissions.”³

For these reasons, we urge the Committee to reject S.B. 232, and to continue to allow the State’s LDCs to work with PURA and its staff to replace leak prone pipes in a timely and cost effective manner which has proved to be the best course of action to reduce methane emissions. This approach is consistent with PURA’s July 20, 2018 report to the General Assembly on LAUF, which recommended “that leaks are primarily the result of aging infrastructure including cast iron and bare steel pipes, which are best addressed through systematic pipe replacement programs.”⁴

<http://www.dpuc.state.ct.us/FINALDEC.NSF/0d1e102026cb64d98525644800691cfe/2b6eb54d6469ea7f852582d3005bd0c6?OpenDocument&Highlight=0,18-03-28>

² Id.

³ PHMSA Report entitled “Gas Distribution: Lost and Unaccounted for Natural Gas”, Page 3 of 5, dated 3/9/201, which was filed by Howard W. McMillan of PHMSA via correspondence dated May 16, 2017 to the Honorable Bill Nelson, Ranking Member of the U.S. Committee on Commerce, Science and Technology.

⁴ July 20, 2018 PURA Report, see footnote 1 above, at 5.