HOUSE DOCKET, NO. 2165 FILED ON: 1/17/2013

HOUSE . . . . . No. 2950

The Commonwealth of Massachusetts

PRESENTED BY:

John D. Keenan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to natural gas leaks.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
John D. Keenan	*7th Essex*	*1/17/2013*
Ann-Margaret Ferrante	*5th Essex*	*1/23/2013*
Kathi-Anne Reinstein	*16th Suffolk*	*1/17/2013*
Colleen M. Garry	*36th Middlesex*	*1/17/2013*
Bradley H. Jones, Jr.	*20th Middlesex*	*1/29/2013*
James B. Eldridge	*Middlesex and Worcester*	*1/17/2013*
Carolyn C. Dykema	*8th Middlesex*	*1/17/2013*
Patricia A. Haddad	*5th Bristol*	*1/17/2013*
Jennifer E. Benson	*37th Middlesex*	*1/17/2013*
Alice Hanlon Peisch	*14th Norfolk*	*1/17/2013*
Theodore C. Speliotis	*13th Essex*	*1/17/2013*

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By Mr. Keenan of Salem, a petition (accompanied by bill, House, No. 2950) of John D. Keenan and others for legislation to establish a uniform natural gas leak classification standard and an aging gas infrastructure replacement program in the Commonwealth. Telecommunications, Utilities and Energy.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *4222* OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act relative to natural gas leaks.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 164 of the General Laws is hereby amended by inserting the following section:-

Section 144. (a) There shall be established a uniform natural gas leak classification standard in the commonwealth for all natural gas companies.

(b) All reported gas leaks will be assessed a grade based on the following system:

(1) Grade 1. A leak that represents an existing or probable hazard to persons or property. Such a leak requires repair and continuous action until the conditions are no longer hazardous. Completion of repairs shall be scheduled immediately and the condition kept under continuous surveillance until the hazard or source of the leak is eliminated.

(2) Grade 2. A leak that is recognized as non-hazardous to persons or property at the time of detection, but justifies scheduled repair based on probable future hazard. Such leaks shall be repaired or cleared within 1 calendar year but no later than 15 months from the date the Grade 2 leak was classified. The frequency of reevaluation shall be determined by the location and magnitude of the leakage condition, provided that all Grade 2 leaks shall be reevaluated at least once every 6 months until eliminated.

(3) Grade 3. A leak that is recognized as non-hazardous at the time of detection and can be reasonably expected to remain non-hazardous. Such leaks shall be reevaluated during the next scheduled survey, or within fifteen months of the date last evaluated, whichever occurs first, until the leak is eliminated or main replaced.

(4) Starting March 1, 2015, each gas company shall report annually to the department the location of each Grade 1, Grade 2 and Grade 3 leak existing as of that date classified by the company, the date each Grade 1, Grade 2 and Grade 3 leak was classified, and the date of repair performed on each Grade 1, Grade 2 and Grade 3 leak as part of its service quality standards report required by section 1I of chapter 164. Such gas leak information shall be made available to any municipal or state public safety official and any member of the General Court upon request to the department.

(c) The department shall promulgate regulations necessary to implement the uniform leak classification standards as specified in this section, and shall oversee and monitor company response and reporting.

(d) The department shall investigate whether the state should require the winter surveillance and patrol of cast iron gas pipelines in the commonwealth, and shall determine whether the presence of extended frost cap conditions may result in additional stress on cast iron pipe segments, requiring enhanced surveillance and patrol. The department is authorized to establish minimum uniform procedures for cast iron winter surveillance and patrols. Gas companies are authorized to establish procedures that exceed any minimum standards at their discretion.

(e) Commencing with calendar year 2015, the department shall establish an infrastructure replacement program to address aging natural gas infrastructure in the interest of public safety and reducing lost and unaccounted for gas. Gas companies shall be authorized to file with the department an annual leak-prone gas infrastructure replacement project plan, subject to the department's review and approval. A plan shall include, but not be limited to, the replacement of mains, services, meter sets and other ancillary facilities composed of non-cathodically protected steel, cast-iron and wrought iron, as leak-prone materials. Provided that a gas company files its annual gas infrastructure replacement work plan on or before October 31 of a calendar year, the department shall review the work plan targets within 6 months, and shall authorize a rate factor becoming effective May 1 of the year following the filing of the work plan to collect any revenue requirement, including depreciation, property taxes and return associated with the approved work plan. The department shall consider the costs and benefits of a plan, including, but not limited to, impacts on ratepayers, reductions of lost or unaccounted for gas and improving public safety in making its final determination, giving priority to plans narrowly tailored to addressing leak-prone infrastructure most immediately in need of replacement. If such a plan is approved, final project documentation shall be filed with the department within 1 year of such approval to demonstrate substantial compliance with work plans and that project costs were reasonably and

prudently incurred. The department shall investigate such costs within eight months, and the department shall have the authority to reconcile the authorized rate factor if necessary. The department shall not approve any gas infrastructure replacement project plan under this section that would increase capital spending on the replacement of leak-prone natural gas pipelines that would exceed 125% of a gas company's actual spending on such pipelines in the previous 12 months of any such project plan submission. The department may promulgate rules and regulations in accordance with this section.

SECTION 2. The department of public utilities shall permit each natural gas company in the commonwealth to design and offer programs to consumers which increase the availability, affordability or feasibility of natural gas service for customers. Subject to the department's approval prior to implementation, such programs may include alternative rate structures to cover program costs including customer conversions costs, main extensions or other costs for facilities necessary to add new customers through the program, cost-sharing, incentives or other innovative means to accelerate the creation of jobs within the state and the realization of benefits of the expansion of and conversion to efficient natural gas usage in the commonwealth. The department shall review proposed programs for each gas company on a cost-effectiveness standard and on a schedule that enables timely customer access to available programs. If such a plan is approved, the department, in the next general distribution rate proceeding, may allow reasonable and prudent customer costs and associated revenues added since the last general distribution rate proceeding to be included in the cost of service, and such customers may thereafter take service at the rate approved by the department in the general distribution rate proceeding.