



November 25, 2013

2013-321
NHPUC 26NOV11AM9:42

VIA E-MAIL AND OVERNIGHT DELIVERY

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Northern Utilities, Inc.
Docket No. DG 13-321

Dear Director Howland:

On November 12, 2013, the New Hampshire Public Utilities Commission (the "Commission") received a complaint from certain customers of Northern Utilities, Inc. ("Northern" or the "Company") who are members of the Spinnaker Point Condominium Association (the "Complaint"). The Complaint is based on the Company's temporary disconnection of service to four condominium units on October 21, 2013 due to a hazardous condition that existed on customer-owned gas piping for those units. Specifically, and as discussed more fully below, the hazardous condition involved steel piping entering the basement of the building through the foundation wall. The piping was in violation of the New Hampshire Fire Code, which requires that sleeving be installed on these pipes to prevent corrosion from direct contact with the cement foundation wall.

On November 14, 2013, the Commission sent a copy of the Complaint to the Company pursuant to RSA 365:2, and requested a written response from the Company by November 25, 2013. By this letter, the Company provides the Commission with the requested response.

Before addressing the merits of the Complaint, Northern wants to take this opportunity to emphasize that public safety is the Company's top priority. We highly value our service to customers and the safety-minded culture we engender within our organization. It is not our intention to cause unnecessary inconvenience to our customers, and we recognize that our actions can affect customers even when we act to promote and preserve their safety and the safety of the public at large. This incident did not result from callous and irresponsible actions by the Company; it is reflective of deliberate, responsible actions taken by Northern due to concern for the safety of our customers.

Gary Epler
Chief Regulatory Counsel
epler@unitil.com

6 Liberty Lane West
Hampton, NH 03842

T 603.773.6440 F 603.773.6640
www.unitil.com

As we discuss more fully in this response, the Company's actions that are the subject of the Complaint were consistent with the Company's interest in ensuring public safety, and were in compliance with the Company's policies and procedures. As the Complaint acknowledges, the piping at issue was in violation of New Hampshire's Fire Safety Code, which requires that steel piping that passes through a foundation wall be sleeved to prevent corrosion. The basis for this requirement—like most code mandates—is public safety. An unsleeved steel pipe passing through the foundation wall will corrode and leak. The issue is not *whether*, but *when* that pipe will corrode and leak. The particular danger presented by steel piping embedded in concrete walls is that the corrosion is virtually impossible to detect by visual inspection because it occurs where the pipe is in contact with the concrete wall. When the piping corrodes and leaks, gas may leak into the basement of the building or along the exterior foundation wall creating a hazardous (Class 1¹) leak.

The risk posed by unsleeved piping penetrating foundation walls cannot be dismissed as merely a theoretical risk. It is very real. The Company experiences leaks each year on Company-owned steel service lines (primarily in Massachusetts, with a few in Maine and even fewer in New Hampshire) due to corrosion of pipe passing through foundation walls.² Such corrosion leaks also occur on customer-owned piping. Most recently, on November 18, 2013, the Company responded to an odor report on Charles Street in Hampton and determined that there was a hazardous (Class 1) leak along the outside foundation of a residence caused by corroded customer-owned piping that was not sleeved as required by Code. That piping, of which the Company has taken custody and provides photographs in this response, is the same pipe material as the unsleeved piping installed at Spinnaker Point referenced in the Complaint. In fact, based on Company records of when new gas accounts were established, it appears that the customer-owned piping at Spinnaker Point may be five years *older* than the piping at Charles Street.

It is important for the Commission to understand that the risk posed by unsleeved piping is significant. Because the corrosion occurs inside the foundation wall where it cannot be visually inspected, the Company treats any unsleeved pipe that passes through a foundation wall as a hazardous situation that warrants disconnection of gas service until the hazard has been remedied and Code compliance has been confirmed.

¹ As defined by the Commission's Chapter 500 Gas Operating Rules, a Class 1 leak "presents an existing or probable hazard to persons or property" and includes "any reading [of the presence of gas] within five feet of the outside wall of a building." Puc 508.04(m)(1). Section 508.04 also defines Class 2 and Class 3 leaks as non-hazardous.

² The piping that the Company owns and is responsible for operating and maintaining ("jurisdictional piping") includes the main, service, regulator and meter set. The customer's piping starts at the outlet of the meter ("non-jurisdictional piping"). A subset of the Company's customers, primarily in Massachusetts, have an indoor meter. Under such circumstances, the Company-owned service line that enters the building is jurisdictional piping. When a meter is located outside the building, the piping from the outlet of the meter that enters the building is customer-owned (*i.e.*, non-jurisdictional) piping.

Furthermore, in the specific circumstances involving the four gas services that were shut off at Spinnaker Point, the Company believed that they were not putting the four customers in greater risk by Red Tagging and shutting off the services. On October 21, the day that the gas was shut off, the local temperature was 66° F (the eighth consecutive day with a high temperatures above 60° F), and it remained mild until the hazardous conditions were remedied by the owners. Had this situation occurred in the middle of winter when occupants of the four units would have potentially been placed in other physical danger due to the cold weather, the Company would not have immediately Red Tagged and shut off the services. Instead, the Company would have used other means to ensure that public safety was preserved to the greatest extent possible while the hazard was remedied, including remedying the situation with our own technicians with the customer's permission, or assisting the customer with finding a qualified plumber who could do the work for the customer on an expedited basis. We did not, and would not, shut off gas service if we believed that we would cause a public safety hazard in doing so.

Finally, to the extent that the Complaint is based on allegations that the Company turned off gas to these four condominium units without any notice or warning, the Company disputes those contentions. Northern did, in fact, notify all customers of this issue in a bill insert sent out in August and September of this year (provided as Attachment A) which stated:

Another code violation we are encountering is gas lines running through masonry without protection from corrosion. Until is required to red tag and turn off your gas service until repairs are completed and inspected.

While that bill insert also discussed a safety concern with corrugated stainless steel tubing ("CCST"), customers were advised that gas piping embedded in masonry without corrosion protection is a code violation that will result in gas service being shut off. As we discuss below, the Company is planning a direct mailing to all customers to re-emphasize this point, and we will provide the Commission with a copy of that mailing when it has been finalized in the next week or so. The Company will also offer to discuss these safety issues further with the property manager for Spinnaker Point, and offer to meet with the condominium association to explain why the Company takes these Fire Code violations as seriously as we do. For example, using the 9 Charles Street incident as a "case study" may help the Spinnaker Point customers understand the significant risk to public safety presented by unsleeved customer-owned piping.

The remainder of this response provides the Company's perspective on these important public safety issues, including the specific circumstances of the Spinnaker Point piping.

I. BACKGROUND

A. The Spinnaker Point Customer-Owned Piping

On the morning of October 21, 2013, a Northern service technician was sent to 17 Spinnaker Way in Portsmouth to shut off the gas service at the customer's request. The customer's request to discontinue service is consistent with the type of request that the Company receives when a home is being sold and service will be resumed under the name of a new owner. Copies of the work orders for 17 Spinnaker Way are provided in Attachment B.³

While on the customer's premises to shut off the service for 17 Spinnaker Way, our service technician noticed that a single Company-owned service feeds into the meters for 17, 19, 21 and 23 Spinnaker Way, and that the customer-owned piping downstream of each of these meters was black steel pipe. Each of the four customer-owned pipes entered the building through the basement wall, and none of the pipes was sleeved. In other words, each of the steel pipes was in direct contact with the concrete basement wall.

The service technician called his supervisor and informed the supervisor that there was unsleeved piping through masonry that did not meet code and that he was going to Red Tag and turn off the services for 17, 19, 21 and 23 Spinnaker Way for noncompliance with code. This action is consistent with the Company's operations and maintenance ("O&M") procedures.

The service technician knocked on the doors for the four condominium units to explain that it was necessary to shut off the service, but no one responded. He then prepared and left behind a Red Tag for each of the four code violations, and explained on the Red Tag that the customer's piping is not sleeved through the concrete wall, and must be inspected by the town before the gas can be turned back on. Copies of the four Red Tags are supplied as Attachments C through F.

Because no one was home at any of the four condominium units, the technician left a note on the door of each unit notifying the customer that it was necessary to interrupt their service. The notice also provides a Company phone number for the customer to call if more information is desired. An exemplar of the note left on each door is supplied as Attachment G. When the customer calls the number on the notice, they are connected to the Company's call center. Customer Service Representatives have access to information in the Company's Customer Information System ("CIS") describing the condition that required the service to be shut off. Based on Company records, Northern received calls on October 23, 2013 from the owners of units 19, 21 and 23 and from the property management company with respect to unit 17.

Service was shut off to the four units on October 21 at approximately 10:30 AM. On October 23, 2013 the property manager for Spinnaker Point Condominium Association demanded that service be restored prior to repairs being completed or an inspection performed by the City of Portsmouth's Plumbing Inspector. The Company

³ Customer names and telephone numbers have been redacted from all Attachments to protect customer privacy.

denied the request, but offered to have a technician available on the premises to restore service as soon as the repair passed inspection. The Company coordinated restoration of gas service with the plumbing inspection, and service was restored to units 19, 21 and 23 just before 6:00 PM on October 23. Service was restored to unit 17 at about noon on October 25 under the name of a new account holder. Copies of the relevant Company work orders are provided as Attachments B, H - J.

B. A Hazardous Leak on Customer-Owned Piping at 9 Charles Street, Hampton

To assist in placing the Company's response to the Spinnaker Point services in perspective, it is useful to consider a recent leak investigation conducted at 9 Charles Street in Hampton.

On November 18, 2013 at 6:12 PM, Northern received a report of gas odor from the owner of 9 Charles Street in Hampton. The Company dispatched a service technician to the residence, and he arrived on the premises at 6:28 PM. The technician performed a leak survey and determined that there was a gas leak along the outside of the foundation of the residence. The cause of the leak was determined to be an unsleeved 3/4" black iron pipe (the same type of pipe material in the customer-owned pipe at Spinnaker Point) that had corroded and was leaking gas at the foundation wall outside the residence. A copy of the work order for the leak investigation performed at 9 Charles Street is provided in Attachment K.

The service technician Red Tagged the service (Attachment L) and shut off the gas. A contractor repaired the customer's pipe on November 20, 2013 and service was restored after it passed a plumbing inspection. The Company has taken custody of the section of service pipe that was the source of the leak. Below is a photograph of the portion of the pipe that was encased in the foundation wall without any sleeving. Note the corrosion and loss of pipe material at the arrow. Photographs of the pipe are provided in Attachment M.



Finally, based on Company records, the account for 17 Spinnaker Way was established in May of 1993, and the account for 9 Charles Street was established in March of 1998. It is reasonable to assume that the customer piping at Spinnaker Way may be about five years *older* than the same type of piping at 9 Charles Street that corroded and leaked.

C. Company Experience with Corrosion Leaks on Unsleeved Jurisdictional Piping

The recent leak at 9 Charles Street is not an isolated incident. That leak occurred on customer-owned piping. While the Company does not maintain detailed records of leaks on piping it does not own and operate (*i.e.*, customer facilities), we do track our experience with similar leaks on jurisdictional services in Massachusetts, Maine and New Hampshire. For example, during 2012 and 2013, the Company experienced hazardous corrosion leaks on unsleeved jurisdictional services embedded in masonry as follows:

	2012	2013 (to date)
Northern-NH	0	2
Northern-ME	2	1
Fitchburg	7	11

As compared to Massachusetts, the Company has fewer corrosion leaks on its New Hampshire and Maine distribution systems, primarily because there are far fewer such services as compared to Massachusetts, though the proportion of services experiencing corrosion is similar. While this data only tracks hazardous leaks on jurisdictional piping, when considered in conjunction with the recent leak at 9 Charles Street on customer-owned piping, it amply demonstrates the magnitude of risk of hazardous corrosion leaks on unprotected piping that penetrates the foundation wall, regardless of whether it is owned by a gas distribution utility or a consumer.

II. The Applicable Safety Codes

A. New Hampshire's State Fire Code and Plumbing Code

The gas industry in which the Company operates is a prescriptive regulatory environment founded on compliance with pipeline safety regulations. By definition, safety is assured through compliance with prescriptive safety standards. Conversely, non-compliance with applicable safety regulations is deemed a threat to public safety punishable by civil penalties under state and federal law.

The customer-owned piping at issue here is regulated in New Hampshire through the State Fire Code, which is administered by the State Fire Marshall.⁴ The State Fire Code provides in Saf-C 6009.01 that "All persons installing, repairing, maintaining or operating fuel gas piping systems, fuel gas utilization equipment and related accessories shall comply with the requirements of NFPA 54. 'National Fuel Gas Code', 2009 edition (NFPA 54)." In addition, New Hampshire's plumbing code requires fuel gas systems to comply with the New Hampshire Fire Code and NFPA 54. *See* New Hampshire Amendments to the International Plumbing Code, § 101.2 ("The provisions of this code shall apply to the erection installation, alteration, repairs, relocation, replacement,

⁴ The Complaint suggests that the State Fire Marshall's Office was contacted in connection with the Company's actions, and the Fire Marshall confirmed that "licensees are liable for damages to persons and property if they turn off a gas supply when there is no immediate threat." (Complaint at 2.) The Company has also contacted the State Fire Marshall's Office and understands that no such confirmation was made. The State Fire Marshall's Office has, however, graciously agreed to meet with the Commission and stakeholders to discuss these important public safety issues. A copy of an email from the State Fire Marshall's Office is supplied as Attachment N.

addition to, use or maintenance of plumbing systems within this jurisdiction. . . . Fuel gas systems shall comply with the New Hampshire Fire Code, Saf-C 6000 (NFPA 54).”⁵

Under New Hampshire law, all of the Company’s technicians who work on customer-owned gas piping must be licensed gas fitters under Saf-C 8000 (Licensing of Fuel Gas Fitters and Fuel Gas Fitting Business Entities), and these licensees are obligated to follow NFPA 54. NFPA 54,⁶ which is also commonly referenced as the National Fuel Gas Code, specifically provides in Section 7.2.1:

7.2.1 Piping installed aboveground shall be securely supported and located where it is protected from physical damage (*also see 7.1.4*). Where passing through an exterior wall, the piping shall be also protected against corrosion by coating or wrapping with an inert material approved for such applications. Where piping is encased in a protective pipe sleeve, the annular space between the gas piping and the sleeve shall be sealed at the wall to prevent the entry of water, insects, or rodents.

(Underlined emphasis added.)

There can be no doubt, and the Complaint concedes,⁷ that the unsleeved pipes passing through the foundation walls for the four condominium units at issue here were in violation of the New Hampshire Fire Code. The Fire Code is designed to manage risk. Installations are required to be performed to specific standards to protect public safety.

The prohibition against the installation of piping in foundation walls without a protective sleeve is a known safety risk. As discussed above, Northern has experience with this risk across its operating companies on its jurisdictional piping, as well as customer-owned piping such as the recent leak at 9 Charles Street. Steel piping embedded in a foundation wall will corrode and leak. This is not an issue of *whether* the pipe will corrode and leak; it is a matter of *when*. And when it does leak, gas will either enter the confined basement space or leak along the building’s exterior foundation. Both of these circumstances present a hazardous situation that puts human life at risk.

Perhaps the most troubling aspect of this risk is that the corrosion is very difficult to detect. The pipe is embedded in the foundation wall, and the portion of the pipe that is most likely to corrode and leak is where the pipe is in direct contact with the concrete wall. Therefore, it is impossible to perform a visual inspection of the pipe for corrosion.

⁵ Available at: <http://www.nh.gov/safety/divisions/firesafety/building/plumbing/laws.html>. The City of Portsmouth, where the Spinnaker Point development is located, has also adopted NFPA 54 in its building code ordinance. See Sections 101.4.2, 2801.1 & 3401.3 (each adopting NFPA 54). The City of Portsmouth’s building code is available at: <http://www.cityofportsmouth.com/inspection/pdf/2006/Building2006.pdf>.

⁶ Available at: <http://www.nfpa.org/codes-and-standards/document-information-pages?mode=code&code=54>.

⁷ See Complaint at 2.

Moreover, there is no piece of test equipment available to the industry to detect corrosion on a pipe that is embedded in a foundation wall. The Company can use gas detection equipment to sample the areas where the pipe enters and exits the foundation wall to determine whether the pipe is presently leaking in the basement or at the exterior foundation, but that only identifies whether gas is present at that time. That leak survey does not provide any information about the level of corrosion on the section of pipe that is embedded in the foundation wall. Depending on the degree of hidden corrosion, it could be minutes, days or months before the pipe leaks and becomes hazardous to public safety. There is only one certainty: it *will* corrode and become a hazardous leak.

Finally, while the Company's experience with corrosion leaks on jurisdictional and customer-owned piping demonstrate why this is a significant concern, customers can become understandably frustrated when gas service is shut off for no visible reason. Customers understand that it is necessary to shut off service when they smell gas and a leak is detected. The residents at 9 Charles Street were thankful that the Company arrived 16 minutes after the odor report and shut the gas off after finding a hazardous corrosion leak at the foundation wall. Customers who cannot see any corrosion on an unsleeved pipe, or who cannot understand the risk presented by corrosion that may be hidden inside the wall, are frustrated when the Company shuts off the gas supply until the pipe is brought into compliance with the State Fire Code.

While the Company does risk inconveniencing some customers when shutting off gas for Fire Code violations, the Company's Red Tagging practices and procedures have evolved through a continuous risk assessment process and are designed to strike an appropriate balance between customer inconvenience and public safety considerations.

III. Northern's O&M Practices and Procedures

A. The Company's Current Red Tagging O&M Procedures For Gas Piping that Violates Safety Codes

Northern has developed comprehensive gas operations O&M procedures as required by Federal and State gas safety regulations⁸ which it reviews, updates and files with the Commission each year. Section 3-E of the Company's O&M procedures governs its Red Tag procedure, and is furnished as Attachment O. Section 3-E(1.0) explains the Scope of this procedure:

(b) Whenever an appliance or gas piping is found to be in an unsafe condition that does not conform to State Code or Company Standards, a warning notice (Red Tag) shall be affixed. The employee shall issue the Red Tag in accordance with this procedure to ensure that the customer/owner is made aware of the hazardous condition(s) and

⁸ See 49 C.F.R. §192.603; Puc 506.02(r)(1).

corrective action(s) that need to be taken. Unitil Gas Operations personnel are required to take any action deemed necessary to protect the public's safety, including the evacuation of the premises if an imminent hazard is discovered. Additionally, this process provides Unitil with a record of the notification to the customer/owner and the action taken by Unitil.

Section 3-E(2.1) of the Company's O&M procedures governs shutting off service:

If a hazardous condition exists, it requires that the gas service or appliance be shut off and locked until repairs are made. Hazardous conditions include but are not limited to the following:

(1) Gas leakage at any gas appliance or piping which cannot be stopped by temporary or permanent means. For more information about leak detection, see Procedure 2-N, *Leak Management*, Section 3.0.

(2) A gas appliance or piping not installed in accordance with the jurisdictional plumbing and gas codes.

(Emphasis added.)

Thus, under the Company's O&M procedures, a hazardous condition exists when gas piping is "not installed in accordance with the jurisdictional plumbing and gas codes" and a technician encountering such a hazardous condition is required to shut off the service and notify the customer using a Red Tag. The Red Tag uses plain language to identify the hazardous condition for the customer, and explains what must be done to remedy the hazard so service can be restored. See Attachments C through F (Red Tags for 17, 19, 21 and 23 Spinnaker Way).

The Complaint alleges that shutting off the gas service to units 17, 19, 21 and 23 was "a needless health and safety hazard especially given the time of year and the on-set of cold temperatures." (Complaint at 3.) In fact, the high/low low observed temperatures in Portsmouth on October 21-23 were 66/39°F, 65/44°F, and 54/34°F, respectively.⁹ Given the relatively warm weather and the likelihood that the unsleeved pipes would be repaired and inspected for code compliance relatively quickly, the Company did not believe it was creating a greater public safety risk by temporarily shutting off service.

If this had been a situation where a hazardous condition were encountered during the winter months, when the safety of occupants could be placed at risk by shutting off service because an alternative heat source is not available, the Company would not shut off the gas supply. Instead, the Company's practice¹⁰ is for the service technician to

⁹ Historical weather observations for Portsmouth are available on The Weather Channel's web site at: <http://www.weather.com/weather/monthly/USNH0191?month=-1>. October 21 was the eighth of nine consecutive days when the high temperature was at or above 60°F.

¹⁰ The Company is presently reviewing and revising its O&M procedure on this issue. Section 2.3 currently provides:

contact a supervisor to address the issue. Our supervisors are instructed to ensure that the safety of our customers is preserved. If shutting off service could result in placing the customer at risk, then the Company will do what is necessary to remedy the source of the risk. If the issue is unsleeved piping and the customer is unable to get a plumber on the scene immediately to address the issue, then the Company would perform the repair in order to maintain continuity of service.¹¹ The local plumbing inspector would also be contacted by the Company to arrange for an inspection of the Company's work as quickly as the inspector's schedule will allow. Contrary to the allegations of the Complaint, the Company would not shut off service to the customer during winter weather for an unsleeved pipe code violation if the customer has no alternative source of heat.

B. The History of Unutil's O&M Procedure for Red Tagging

Unutil's current Red Tagging O&M procedures have evolved based on the risk assessment process that the Company undertakes to ensure that it is properly managing risk. Prior to the adoption of its current Red Tagging procedure in 2010, the Company's O&M Procedures did not require a service to be Red Tagged and shut off when customer-owned piping was encountered that violated safety codes. The immediately prior version of the O&M Red Tag procedure, provided as Attachment P, stated:

1. A red tag is to be affixed to any gas appliance or gas piping in violation of gas code or considered to be unsafe if left turned on.
2. a. Whenever a red tag is installed, the gas appliance or gas piping that is unsafe or in violation of the Code must be shut off or made safe.

2.3 Customer Health & Safety Concerns

A Service Technician should contact a Service Supervisor or the on-call Supervisor if the technician believes that loss of heat and/or other safety concerns due to red tagging could impair the health or safety of the building's occupants. However, under no circumstances should the appliance and/or gas service be left on until the necessary repairs are made. The Service or on-call Supervisor shall ensure that the health and safety concerns of the customer are properly addressed by notifying the Fire Department. In NH and MA the technician can determine if it is possible to perform service repair, for a fee, to eliminate the hazard.

The portion of Section 3.2 stating that "under no circumstances should the appliance and/or gas service be left on until the necessary repairs are made" does not accurately describe the Company's practice. This phrase is intended to address the Company's former practice where an appliance or piping would be Red Tagged but not disconnected, and the Company would return seven days later to re-inspect. The Company's current practice during winter weather is accurately described in the body of this response.

¹¹ The repair essentially requires the foundation wall to be chipped away around the piping and the piping to be visually inspected. If the pipe is in satisfactory condition it is sleeved or otherwise protected in an acceptable manner and the foundation is patched. If the pipe is not in satisfactory condition, then that section of pipe will be cut out, a new section installed and sleeved or otherwise protected, and the foundation wall will be patched.

- b. With the approval of a supervisor, the gas may be left on if there is only a violation of the Code that is not considered to be unsafe and if turning off the gas would present an undue hardship on the customer.

Under Unitil's former Red Tag Procedure, a service technician could, with supervisor approval, leave the gas turned on when a code violation exists if the technician believed that the violation was not considered to be unsafe and turning off the gas would create an undue hardship for the customer. This procedure left considerable discretion to the service technician to decide whether the code violation "was considered to be unsafe" and if there would be an "undue hardship" to the customer by turning off the gas.

In practice, when service technicians encountered customer-owned piping that violated code under the former O&M procedure, the supervisor would approve the technician Red Tagging the pipe, the gas service would remain active, and a seven-day follow up inspection would be scheduled.

While this discretionary Red Tag policy was in effect, an Underwriting Risk Assessment of Unitil's O&M Procedures was performed by AEGIS Insurance Services, Inc., the Company's general liability insurer. These risk assessments are performed periodically, and the Company uses them as a tool to consistently evaluate and improve the Company's risk management policies, including its O&M Procedures.

The November 24, 2009 AEGIS risk assessment report for the Company's New Hampshire gas operations (provided as Attachment Q) reviewed the Company's former Red Tag procedure (Attachment P). AEGIS provided the following recommendation with respect to Customer Premises Practices:

Review the current practice of allowing a hazardous/violation tagged appliance to remain in service with a follow-up inspection performed 7 days later. While this practice is reported to be done only on rare occasions, the appliance was identified to be in a hazardous condition and needs to be taken out-of-service for the safety of the customer.

(Attachment Q at p. 3.)

While the AEGIS recommendation specifically references Red Tagged appliances, the suggested improvement of the Company's customer premises practices applied equally to customer-owned piping that violated safety codes. Instead of a code violation being Red Tagged and followed up a week later, AEGIS recommended that the appliance or piping be taken out of service for the safety of the customer until it has been repaired.

Based on the recommendations of AEGIS in its risk assessment, the Company modified its Red Tagging O&M procedure and adopted the present version (Attachment

O). Consistent with the AEGIS risk assessment report, the Company now removes from service gas piping that violates safety codes, including the New Hampshire Fire Safety Code, and does so in AEGIS' words "for the safety of the customer."¹²

IV. Customer Education and Outreach

Public safety is Northern's top priority. We work hard to imbue a safety-minded culture throughout our organization, and we constantly look for ways to improve our practices. One method we use to promote public safety is to alert our customers when we become aware of potential hazards related to customer-owned piping and appliances.

The Complaint alleges that Northern shut off the gas at the four Spinnaker Point condominium units "without providing prior notification or warning." (Complaint at 3.) In fact, in a bill insert that the Company sent to all customers during the August and September 2013 billing cycles, customers were informed about hazards presented by CSST tubing and unsleeved piping. On the piping issue the bill insert warns:

Another code violation we are encountering is gas lines running through masonry without protection from corrosion. Unutil is required to red tag and turn off your gas service until repairs are completed and inspected.

Apparently, the customers who signed the Complaint did not notice this warning in their bill insert. As a further effort to inform our customers about these hazards, the Company is preparing two single-page warnings to address the hazards of unbonded CSST tubing and unsleeved piping embedded in masonry. Those communications will be mailed to all gas customers as a stand-alone mailing, completely separate from our bills. Those communications are almost final and are expected to be mailed to all gas customers in early December. We will provide copies to the Commission when they have been finalized.

With respect to the customers at Spinnaker Point, the Company will offer to meet with the property manager in person to explain the risk associated with unsleeved piping, and invite Commission Staff and the State Fire Marshall's office to that meeting. If it would be helpful to educate the residents of Spinnaker Point on these important issues, the Company is also willing to hold an informational session, perhaps using 9 Charles Street as a case study, to demonstrate how customer-owned pipe can corrode inside the foundation wall and result in a hazardous leak. Given that the customer-owned piping at Spinnaker Point may be several years older than the corroded pipe at 9 Charles Street,

¹² During 2010, AEGIS performed a risk assessment on Unutil's Massachusetts gas local distribution company, Fitchburg Gas and Electric Light Company ("Fitchburg"). When that risk assessment was performed, Fitchburg's Red Tagging practice was similar to that which Northern currently uses in New Hampshire. AEGIS concluded that Fitchburg's Customer Premises Practices were satisfactory and no improvements were recommended. The 2010 AEGIS risk assessment report for Fitchburg is provided in Attachment R.

such a discussion with the Spinnaker Point residents may provide a useful “real life” situation for their consideration.

V. Conclusion

Northern appreciates the opportunity to respond to the Complaint, and hopes that this comprehensive filing adequately addresses any concerns the Commission may have concerning our actions related to Spinnaker Point. While the Company understands the frustration that customers feel when their gas service is shut off, we must weight those considerations against the public safety risk presented by customer-owned pipe that does not comply with the State Fire Code. The code is designed to protect public safety, and the Company must treat violations of the code seriously, particularly when it involves a corrosion risk that could result in gas leaking into a basement or along a residential foundation wall. While the photographs of the corroded customer-owned piping from 9 Charles Street (Attachment M) should suffice to demonstrate the real and significant risk created by unsleeved piping, the Company would be pleased to meet with the Commission Staff, the Complainants, the State Fire Marshall’s Office and other interested parties to discuss these issues more fully and explain the Company’s views on these critical public safety issues.

Sincerely,

/s/ Gary Epler

Gary Epler
Attorney for Northern Utilities, Inc.

Enclosures