

LUCKY TO BE HERE IN THE MOST BEAUTIFUL PLACE IN THE WORLD – LAKES,  
LEAVES, TEMPERATURE, RED SOX

We are lucky for another reason in that here in New England, an area the size of the State of Washington, we can assemble 6 states in a single room and bring together the best practices the industry can offer. That's not likely to happen any place else. Your companies from both the Liquid Propane and Natural Gas Industries represent a diverse cross section of large and small, simple and complex – some operate in a single state, others in multiple states; some have seasoned employees while others are new to the industry. So as we listen to presentations, enjoy our meals, and take in the scenery, let's bring our minds, our talents, our lessons learned, as well as the recognition of internal weaknesses we may have, however slight they may be, to discuss the current and future state of affairs of pipeline safety.

I see that today's agenda includes updates of new technology applications, renewable applications, and quality assurance issues; and we'll be exploring incidents that have occurred around the country and sharing lessons learned. Our federal partners have come all the way from

Washington DC and Oklahoma's Training Center to share their insights and keep us abreast of the latest happenings at the federal level. I just wanted to give a backdrop of some of the key elements of Pipeline Safety as I see it, which reminds me that I am speaking today only for myself, and not for the State of New Hampshire or the full Public Utilities Commission.

### **Aged infrastructure in New England requires Safety**

As all of you know, New England has some of the oldest infrastructure in the country, reflective of our oldest cities and towns. As we recondition our buildings and streets, so too must we rebuild, replace and modernize our energy infrastructure. A concerted effort in New Hampshire began nearly 30 years ago to replace our old and leak prone gas pipeline infrastructure. I am happy that one of our utilities in New Hampshire was able to remove the final segment of bare steel and cast iron just last year, in 2017. While we have some remaining work for our largest operator to do regarding this aged infrastructure, we recognize the efforts that they've made. I think everyone here would agree that continual and methodical replacement of infrastructure is a core responsibility of any company. It

should be part of every capital budget discussion, right there with deployment of capital for attaining growth.

This commitment to modernizing does not stop with cast iron and bare steel. As soon as we complete those efforts, which should happen by 2024, we will shift our focus to plastics that are now approaching 60 years of age. The emphasis will be on replacing them with improved materials made from better resins and better manufacturing processes that yield greater strengths and physical properties. All of this is done with the goal of reducing leaks, minimizing potential hazards, and increasing public safety.

### **Expansions require Safety**

In the last few years here in New Hampshire we have authorized franchise expansions in the towns of Brentwood, Pelham, Windham, Lebanon, Hanover, Atkinson, and Kingston and have another pending in Epping. Much of this is a result of a national trend in which shale plays have changed the economics of energy from coast to coast, including here in New England. As our infrastructure expands, we must redouble our focus on safety, because the future and success of natural gas in the region depends,

first and foremost, on the public's trust and confidence in the natural gas system. Safety is part of the ticket of admission for the gas industry to be granted the privilege of providing reliable service and receiving a reasonable return on the industry's prudent investments. Safety isn't an add-on; it's an essential element as regulators consider expansion requests.

But regulatory oversight alone won't be sufficient to ensure adequate safety, so the liquid propane and natural gas industries will need to take appropriate steps to operate safely, including self-policing mechanisms that supplement governmental enforcement. We will never have enough regulations to cover every situation, nor will regulators ever have the data, the history, or the relevant information that industry possesses. It is incumbent upon each company to bring solutions and alternatives that they evaluated to the regulators so that the regulators can be informed and make appropriate decisions regarding the prudence of investments, and the reasonableness of rates. For the Liquid Propane industry, while we are not the economic regulator, we are a safety regulator as least as far as jurisdictional facilities are concerned and we hope our safety expectations

extend well into your respective organizations beyond those few systems we oversee.

### **Recent Events in Lawrence, Andover and North Andover**

The recent events in the Merrimack Valley area in Massachusetts should have driven lots of points home.

Although the full explanation for what happened and what damage it caused won't be known for months or perhaps even a year from now, when final NTSB reports are completed and state investigations are finalized, we do understand the impacts to livelihoods, our testing of community resiliency, and the tragedy that can occur. A single incident can instantly wipe out daily efforts and accomplishments of safely providing gas over a long period. It is no overstatement to declare that the public trust has been shaken and needs rebuilding just as much as the infrastructure itself does.

What people want to know now is whether the technology, laws and regulations, and practices for preventing, containing, and responding to, wide spread and large scale emergencies lag behind the real risks associated with infrastructure that is located just a few feet beneath our streets. Until

a few weeks ago, most people in the region were probably barely aware that there was gas running by their homes, workplaces, recreational areas, retail establishments, and places of worship. Even those who have gas service at their homes didn't think much about the risks, and frankly, that's how secure you want the public to feel, even though you want people to be aware of the risks that are out there. You and we, however, cannot be complacent about the safety and security of the system.

We as regulators will continue, and perhaps with even greater scrutiny, to review emergency plans, qualification plans, infrastructure risks and other areas and we will challenge the industry to make continuous improvements.

For the companies, this means that the role of safety must be part and parcel of everyone's job – extending from the trenches, to the contractors, to the technicians, to the trainers, to the customer service representatives, to the engineers, to the bookkeepers and accountants, to the executive suite, and then to the boardroom. So understood, safety as a primary mission doesn't reside simply in some particular working group displayed on

an organizational chart whose reason for existence is stated in terms such as “the promotion of safety in our organization” instead, safety must be mainstreamed from the top, because any incidents – and one incident is one too many – is going to be owned by those at the top.

**Conclusion:**

So over the next two days, let’s share our experiences, ask questions of each other, and work to identify ways to get better at what we do. Let’s use our collaborative and collegial time together to get uncomfortable and examine the issues that need examining. Let’s attain zero incidents throughout New England and make our region one that not only has the best workforce, the finest educational institutions, and the greatest natural beauty, but also has the safest gas systems in the nation.

## **Awarding of a plaque**

But before I hand over the microphone to our Safety Division Director, Randy Knepper, I want to take the time to recognize the recent retirement of one of our New Hampshire inspectors, David Burnell. We are fortunate to have a great and dedicated team of individuals within our Safety Division, which helps allow me and my fellow Commissioners to sleep at night. Dave has been a valued member of our team, keeping us up to speed, applying pragmatic solutions, and focusing on the details that need to be completed to ensure safety.