



For Immediate Release: 04/16/15

Audrey Zibelman, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

15031/15-G-0151; 11-G-0565

PSC Takes Major Steps to Improve Natural Gas Safety in NYS

— Examines New Process to Speed Replacement of Leak Prone Pipe; Improve Gas Safety Awareness —

Albany — The New York State Public Service Commission (Commission) today, as part of its continuing efforts to strengthen the safety and reliability of the State's extensive natural gas distribution network, reduce climate change emissions, and manage consumer costs, commenced a proceeding to accelerate removal and replacement of aging natural gas infrastructure that could be prone to leaking. The Commission also required utilities to enhance their public education and outreach efforts to promote gas safety.

“The Commission has consistently pressed natural gas utilities to eliminate leak-prone pipe from their distribution networks, given the significant safety, reliability and environmental concerns of such pipe,” said Commission Chair Audrey Zibelman. “The time is right to consider a new cost-recovery mechanism for gas utilities in order to accelerate pipe replacement on their networks.”

Until recently, utility plans to replace leak-prone pipe were examined largely in major rate filings, which typically provide a multiple-year rate schedule covering a gas company's entire capital spending program. The Commission is now considering allowing gas utilities to petition to recover the costs of accelerated leak prone infrastructure replacement, incremental to what is already approved in their rate plans.

To ensure utilities focus efforts on replacing leak-prone pipe, they must meet prescribed replacement targets for leak prone pipes or face significant financial penalties. Over the past five years, all of the State's gas utilities have significantly increased the amount of gas pipe being replaced, but there remains a substantial backlog of more than 12,000 miles of leak-prone pipe statewide.

Because the current cost of capital is relatively low, an opportunity exists for utilities to further accelerate the replacement of leak prone pipe with reasonable impacts on ratepayers. The Commission's goal is to reduce the statewide average replacement timeline to 20 years.

In a separate proceeding, the Commission today issued an order directing natural gas utilities to implement specific enhancements to their gas safety public education programs.

Utility customers are encouraged to call their utility or fire department whenever they smell natural gas. If odors are not reported, natural gas leaks may go unaddressed resulting in tragic consequences. The Commission's action stems from the 2011 natural gas explosion in Horseheads, Chemung County in which local residents did not report the smell of gas in the days leading up to the

event. That incident, as well as others, underscores the need for gas utilities to improve their education efforts regarding the importance of reporting gas odors.

Chair Zibelman said: "Utilities need to redouble their efforts to inform their customers what to do when they detect a potential gas leak. Utilities should take advantage of readily available communications technology, and compare approaches with one another to ensure they are using best practices. This is a common sense step that can save lives."

The Commission ordered each gas utility to file revised public education plans which, among other things, will describe how the utility will use innovative messaging and social media, include specific descriptions of the education activities, messaging, delivery methods, schedules, budget, and evaluation methods, and incorporate best practices for gas safety education identified by a collaborative of gas utilities.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 15-G-0151 [In the Matter to Consider Implementation of a Recovery Mechanism to Support the Accelerated Replacement of Infrastructure on the Natural Gas System - All Major Gas Companies] and 11-G-0565 [In the Matter of a Natural Gas Incident at 198 Joseph Street, Horseheads, on January 26, 2011 in the Service Territory of New York State Electric and Gas Corporation] in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.