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GOVERNOR ANDREW M. CUOMO

GOVERNOR CUOMO ANNOUNCES \$21 MILLION SETTLEMENT WITH NATIONAL GRID'S DOWNSTATE GAS BUSINESS OVER SAFETY FAILURES

National Grid's Downstate Gas Business Financially Hit for Failing to Protect Underground Gas Pipelines from Corrosion

Company Penalized for Failing to Ensure Adequate Training for Pipeline Workers

Governor Andrew M. Cuomo today announced a \$21 million settlement with National Grid regarding its two New York City gas distribution companies for failing to maintain appropriate protections for its underground natural gas distribution system and for failing to adequately supervise workers and contractors working on the gas lines.

"New York has zero tolerance for violations of its gas safety standards that are designed to protect people and property, and will continue to impose tougher, more significant penalties for violations," **Governor Cuomo said.** "Today's settlement is a major victory for New Yorkers and puts utilities on notice - the State will continue to hold utilities accountable when they do not comply with our safety rules and blatantly put lives at risk."

The settlement approved today by the State Public Service Commission with National Grid's New York City and Long Island gas businesses was for repeated violations of gas safety regulations that are designed to ensure that underground gas pipelines are protected from corrosion.

The settlement was a direct result of a Commission investigation that identified inadequate cathodic protection levels on pipes at National Grid's critically important Northport Regulator Station, along with other regulator stations on Long Island.

Cathodic protection is required on steel pipe to prevent corrosion; if corrosion occurs, the integrity of the pipe may be compromised, and, in a worst case scenario catastrophic failure could result. To compound the problem, while National Grid was in the process of correcting the cathodic protection problem at Northport, investigators learned of similar cathodic protection problems at the Commack Regulator Station, also on Long Island.

That investigation, which included a review of operations and maintenance records associated with delivery points for the Iroquois Pipeline system at the Northport Regulator Station, the Commack Regulator Station, and one, specifically identified pipeline segment, found that underground control lines and a pipeline segment, subject to specific cathodic protection requirements, did not demonstrate adequate or compliant cathodic protection levels.

In addition, a separate investigation determined that the company had failed to comply with the Commission's gas safety rules related to gas infrastructure work in their service territories. That investigation determined that the company failed to inspect work completed by its contractors during construction at sufficient intervals to ensure compliance, and that it allowed work to be completed by plastic fusers and plastic fusion inspectors who were not properly qualified to do the work.

Public Service Commission Chair John B. Howard said, "As a result of these Commission-led gas safety investigations, we will ensure that our gas utilities will focus efforts on ensuring that the gas distribution system is safe and reliable, and utilities that fail to do that will pay a steep financial price."

The actions taken today were made possible by reforms to the Public Service Law put in place by Governor Cuomo in 2013. The reforms strengthened the Commission's enforcement mechanisms to ensure that major electric and gas utility companies are held accountable first and foremost for ensuring the safety of New Yorkers before utility failures cause any damage.

The money will be used as a credit to offset the costs of National Grid's Commission-approved energy efficiency and demand response programs. Use of the funds will be subject to separate approval by the Commission in National Grid's currently pending rate cases, or in other future proceedings.

National Grid has about 1.8 million residential and commercial customers in the metropolitan area.

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