NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON
CORPORATIONS, AUTHORITIES AND COMMISSIONS
STANDING COMMITTEE ON ENERGY

PUBLIC HEARING
Improving Gas Safety Efforts by Utilities

New York, NY
Assembly Hearing Room
250 Broadway, Room 1923, 19th Floor
Friday, May 2, 2014
10:30 A.M. - 02:45 P.M.
ASSEMBLY MEMBERS PRESENT:

ASSEMBLY MEMBER JAMES BRENNAN,
Chair - Assembly Standing Committee
On Corporations, Authorities and Commissions

ASSEMBLY MEMBER AMY PAULIN,
Chair - Assembly Standing Committee on Energy

ASSEMBLY MEMBER DAVID BUCHWALD

ASSEMBLY MEMBER ROBERT RODRIGUEZ

ASSEMBLY MEMBER STEVEN OTIS

ASSEMBLY MEMBER BRIAN KAVANAGH

SENATORS PRESENT:

SENATOR BILL PERKINS
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The public hearing commenced at 10:30 A.M.)

ASSEMBLY MEMBER JAMES BRENNAN, CHAIR,
ASSEMBLY STANDING COMMITTEE ON CORPORATIONS,
AUTHORITIES AND COMMISSIONS: I am Assembly
Member Jim Brennan from Brooklyn, chairing the
Assembly Standing Committee on Corporations,
Authorities and Commissions. Joining me in
sponsoring the Hearing is Assemblywoman Amy
Paulin from Westchester County, Chair of the
Energy Committee. And we’re also joined by State
Senator Bill Perkins from Harlem and Assembly
Member Dave Buchwald from Westchester County, a
Member of the Corporations Committee.

This is a Hearing on the critical issue
of gas safety in the State of New York. It is
initiated by the tragic explosion and loss of
eight lives in the Harlem gas explosion that took
place in March. And I think it was a very tragic
incident and after that explosion took place,
Assembly Member Rodriguez, who is just joining us
now, and State Senator Bill Perkins contacted
myself and Assemblywoman Paulin, asking that the
Committees conduct a Hearing on gas safety. And Speaker Silver agreed that the Assembly should do this. And we'll be allowing Senator Perkins to participate and ask questions at the Hearing. And the Assembly even found a nameplate for you, Senator Perkins.

But seriously, there is a caveat in relation to the Hearing, which is that the National Transportation Safety Board, a federal agency whose obligation and legal commitment is to investigate transportation accidents, takes jurisdiction over major industrial accidents and initiates investigations and does reports at the national level. And when they do that, they bring in parties to the accident; in this case the Consolidated Edison company, as well as government agencies, the State of New York Public Service Commission, City of New York. And they ask them to participate in the accident investigation and bind them in relation to a confidentiality agreement that they sign that says that they will not discuss publicly the causes of the accident.
And so they will not be allowed to discuss the specifics of the accident. But the National Transportation Safety Board has submitted some testimony to us, which we will be putting into the record today. And they are actively pursuing the investigation. They will be putting out a draft report on the accident, followed by an opportunity by the parties to comment on that report. And then they will issue their report. And the State government and the City government, Public Service Commission and Con Edison hopefully will be taking action on recommendations. And we will explore what will happen after the National Transportation Safety Board issues its report.

Our Hearing today will begin with Audrey Zibelman from the Public Service Commission. Followed by a panel of utility companies across the State including: Con Edison, National Grid, Central Hudson, National Fuel and RG&E and New York State Electric & Gas. Followed by utility workers unions: Utility Workers of America and IBEW. And then a not-for-profit organization
Concerned with New York City infrastructure.

So, we swear in all of our witnesses to ask them to tell the truth. And I will let Ms. Paulin and other Members of the Committee here today offer any initial remarks if you wish.

Assembly Member Amy Paulin, Chair,

Assembly Standing Committee on Energy: I would just say that it's an opportunity for us all to learn about gas leaks generally and the infrastructure that we know is aging throughout the State, particularly in the City of New York. So, it's unfortunate what did happen. It's terrible, horrendous. But we're going to be hopefully using it as an opportunity to make sure that we all are educated and then we can go forward to make sure it never happens again. So this is that opportunity and I thank both the Senator and Assemblyman for asking for this Hearing to take place. Thank you.

Assembly Member Brennan: Gentlemen?

Assembly Member Robert Rodriguez: Good morning everyone. My name is Robert Rodriguez. I am a Member of the Corporations Committee and I
thank the Chairman, as well as the Members of the Committee, both the Energy and Corporations Committee for allowing us to hold this Hearing and ask the relevant questions.

I represent Central and East Harlem in the 68th Assembly District. And we're here to discuss the gas safety issues which are being made by our utility providers. As was mentioned, the NTSB is currently investigating an incident which occurred on March 12, 2014 in my District on Park Avenue between 116th Street and 117 Streets. To be clear, the explosion and the building collapse of March 12th has had a profoundly devastating effect on our community. And when the NTSB has completed their investigation, we will certainly look to reconvene this Hearing and look at the specifics as it relates to the explosion.

However, we must respect the nature of this investigation and refrain from questioning, inquiring or making statements regarding the happenings, causes and circumstances of the March 12 event. But as a Member of the Corporations
Committee, our concerns extend beyond just my District and one particular incident. And we're holding this Hearing to take a broader look at gas safety across the State.

This Hearing will investigate pipeline replacement, inter-agency coordination, and emergency preparedness. We will also look at this issue as part of a larger conversation about our infrastructure needs. We are only as strong as our ability to plan for the future and prevent future neglecting of our equally essential but less visible infrastructure.

So I look forward to working with Members of the Energy Committee and the Corporations Committee on legislation that we've introduced to hopefully make our gas infrastructure safer and potentially increase and accelerate the replacement of necessary parts of our infrastructure to prevent future gas leaks and look at utilizing the best available technology to detect gas leaks. Which we know has been a challenge and played a role in the explosion that occurred on March 12th. So, we've
certainly introduced legislation and look forward to having this Committee and this Hearing shape the legislation. We look forward to your cooperation. Thank you.

ASSEMBLY MEMBER BRENnan: Thank you.

Senator?

SENATOR BILL PERKINS: Yes. Thank you.

I'm Senator Bill Perkins. I represent the 30th Senatorial District, which includes the site of the tragedy that brings us here today. I want to thank both Chairs for the opportunity to join them in this very, very important Hearing. Not simply about that particular incident, but more broadly obviously in terms of infrastructure issues that the National Transportation Safety Board has been bringing to our attention. And look forward to the legislative fixes that potentially may come out of this unfortunate tragedy. And look forward to hearing from the witnesses that you've brought here.

Again, I want to thank you for convening us. I'm sorry that the Senate leadership did not see fit to do so along with you. But as the
ranker, I'm happy to represent that body nevertheless.

ASSEMBLY MEMBER BRENNAN: Thank you.

We've been joined by Mr. Steve Otis, also from Westchester County. Thank you, Mr. Otis, for coming. Would you like to say something?

ASSEMBLY MEMBER STEVEN OTIS: I would.

Thank you Chairs for holding this Hearing. The easiest thing to ignore is the underground infrastructure; whether it is controlled by government entities, controlled by the private sector. It takes some discipline to devote money on an ongoing basis to have that infrastructure properly maintained. So I think that's one of the general topics that we're all interested in; not just for the topic of this Hearing today but infrastructure generally. So, eager to hear the testimony and eager to be part of improving the situation in terms of proper infrastructure maintenance around this State.

ASSEMBLY MEMBER DAVID BUCHWALD: Thank you, Mr. Chairman. My thanks to you, Chairman Brennan and Chairwoman Paulin for convening this
Hearing. One of the best ways to honor the memories of those who have suffered so much in tragedy is to make sure that proper lessons are learned. And certainly when it comes to our gas safety, making sure that we address both in the short-term ways and in long-term comprehensive ways across New York State; the need for addressing aging infrastructure that so many of us rely on on a daily basis is something that I think is important for us as policymakers to keep in mind. So I very much in advance appreciate the testimony that will be provided today. Thank you.

ASSEMBLY MEMBER BRENNAN: Thank you. Our first witness is the Honorable Audrey Zibelman, Chair of the New York State Public Service Commission. Welcome, Chairwoman Zibelman. And why don't you identify your companion or companions?

And then we'll swear you in.

HONORABLE AUDREY ZIBELMAN, CHAIR, NYS PUBLIC SERVICE COMMISSION: Sure. Let me introduce Kevin Speicher. Kevin runs the Gas Safety Unit for the Department of Public Service. I also have other members of the staff with me.
today. But Kevin will also be available to answer questions.

ASSEMBLY MEMBER BRENnan: Great. Ms. Zibelman, would you identify yourself and your title and swear to tell the truth?

MS. ZIBELMAN: Yes. I am Audrey Zibelman. I am Chair of the Public Service Commission. I also as in this capacity serve as the Chief Executive Officer for the Department of Public Service. And I do swear to tell the truth.

ASSEMBLY MEMBER BRENnan: Thank you.

MR. KEVIN SPEICHER, CHIEF, GAS SAFETY SECTION, NYS PUBLIC SERVICE COMMISSION: I'm Kevin Speicher. I'm the Chief of Gas Safety for the Department of Public Service. And I swear to tell the truth.

ASSEMBLY MEMBER BRENnan: Would you mind spelling your name please?

MR. SPEICHER: S-P-E-I-C-H-E-R.

ASSEMBLY MEMBER BRENnan: Speicher.

Okay, very good. Thank you. Welcome and proceed.

MS. ZIBELMAN: Thank you. So thank you, Chair Paulin, Chair Brennan and also the
Committee Members for the opportunity to appear in front of you today to discuss this obviously very critical aspect of utility service in New York.

As I mentioned, my name is Audrey Zibelman and I am Chair of the Public Service Commission. We have pre-filed testimony with the Committee. I'm certainly available to answer any questions on anything that we've stated in that testimony and Mr. Speicher is also here to provide details. Rather than go through the painful process of reading what we've prepared, I would like instead to focus and summarize the Department's approach towards gas safety and gas infrastructure in New York.

So as you're aware, part of the charge of the Department of Public Service is to oversee the regulation of our distribution and gas utilities. And that includes the rate-setting process, making sure rates are just and reasonable and also safety and reliability of service. The focus to me today is obviously on the practices that we use to ensure safety. And
just before I begin, let me tell you that on behalf of myself and my fellow Commissioners, if anything keeps us up at night is really thinking about gas safety.

I know we've had certainly the incident in Harlem was a horrible tragedy. We've had other tragedies in the State. And this is an area that we focus on intently. We're very aggressive about it. But it's an area where there's always going to be opportunity unfortunately for improvement and lessons learned. And we take every incident, whether it results in damage or not, as an opportunity to understand, to learn and do better.

In terms of that, let me just go over with you the approach we take. The first and greatest thing we can do is really prevent incidents. And so one of the things that the Department does is we establish standards. We establish metrics. We have regulations that the gas utilities are required to comply with. The other thing we do is then we monitor compliance with these standards. And so not only do we set
the standards but we have ongoing monitoring.

And I wanted to make clear that the standards, as I said, are not static. One of the things that we do is we always look at best practices; both best practices within the State, but best practices throughout the country and we strive to always make sure that we're moving in that direction. That includes looking at lessons learned whenever there is an incident. And then particularly in rate proceedings and in audits, we always take a look and do deep dive of examinations and make sure that we understand and look for areas of improvement.

And then the other thing that the Department is in addition to improvement, we do investigation of incidences and we'll talk about that a little bit. And then we have penalty rights to impose. And I appreciate the efforts of the Legislature in the last Session of expanding our penalty rights. Because that is of critical importance of making sure that we're doing everything we can to protect New Yorkers.

So let me talk a little bit about how we
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go about this. So the first is actually the staff, the Department staff. We have 29 people dedicated in the Department's staff to gas safety; 24 of them are field engineers and inspectors that are assigned to regional offices in New York City, in Albany, in Syracuse and Buffalo.

All of our engineers and inspectors are required to go through extensive training and testing through the US Department of Transportation, Pipeline and Hazardous Materials Safety Administration. And that requirement involves successful completion of 11 core courses, including courses dealing with pressure regulation, corrosion control, incident investigation, to name just a few. And over 20 of these courses have to be successfully completed to be considered fully qualified.

So the reason I bring that up is that, you know, a lot of people think that State employees are just State employees. They don't recognize that in order for our employees to be qualified as engineers, they have to be
specifically tested and trained in this area. And Mr. Speicher himself has spent 20 years with the Department and has extensive experience in overlooking gas safety.

In addition, the Gas Safety Section in the Department is charged with the oversight of natural gas, hazardous liquids and jurisdictional steam pipelines operating in the State. We're certified by the Department of Transportation to examine both natural gas and hazardous liquids. And the federal government has delegated authority to the Department for auditing and investigation of interstate pipelines. I think that important because even though the interstate pipelines safety is really a federal action, obviously these pipelines are in the State. And our staff is heavily relied on and is really a trusted partner because of the extensive training and their professional experience. And I think that's a very good thing for the State. Not necessarily the same in all states in the United States. So that's the first piece; which is really making sure we have
qualified staff.

The second piece we do is really then make sure that utilities are complying with our regulations. So we have extensive safety regulations in the Public Service Law that we've implemented. And in order to ensure compliance, we do regular audits. We do audits on a one, three and five-year cycle. Where we're constantly monitoring the utilities to make sure that they're complying with where we want them to be on an operational and management, including maintenance. That we're looking at their emergency plans. That we're looking at actually their own risk analysis. We call it the integrity analysis.

Because a good portion of this is really taking analytics, understanding what's going on and applying this for continuous improvement and making sure that as much as we can, we stay ahead of the game. So that's a big piece of what we do. And we will then find utilities if they violate these standards. We'll either do it individually or we can do it in rate cases.
The other piece that the Department does is in addition to these individual and audits, we will do audits across a particular sector. So we'll do audits across all of the gas utilities, to look at best practices or discreet issues; to make sure that we're again continuously improving, continuously trying to stay ahead of this issue. So that's one piece of prevention.

The other piece of prevention is consumer education. So one of the things that we know unfortunately, we're heavily reliant on consumers around making certain if they detect gas that they call. So we have programs in place and we're constantly looking at how to make sure that these calls occur. Sadly, as we know in this situation there were not calls until the morning of. And so we need to understand if there was odor detected: Why people didn't call? What can we do to improve that situation?

The other piece that we look at is odorization. We had an incident in Horse Head. We had the utilities develop odorization cards. And we still looking at expanding this
throughout the State. We're looking at a program of best practices; so that people even know what the odorization, what it smells like. And we're also working actually with the Department of Homeland Security, who's doing a lot of work post-Sandy, in getting people prepared; is thinking about how we can use the National Guard as another vehicle to train people on what gas smells like. That's one piece.

I'm sure that some of the utilities will talk about this today. There's efforts going on to create devices that could be used to detect gas in the homes. Clearly, if we can move the technology in that direction, almost like carbon monoxide detection; that would be terrific. What we need to make sure is of course that that technology really works. Because you don't want to be in a situation where the technology indicates no gas and so people think: "Oh, I smell gas but the light's not going on, so it must not be a problem," and the technology is faulty.

So, you know, this is an area that we're
heavily invested in looking at, the American Gas Association is looking at. But moving in that direction so we're not necessarily just dependent on individuals. And it will be an important movement forward.

The other thing that the State has done around gas safety and I wanted to actually applaud my staff for doing this; is that we've moved towards odorization of gathering lines. We're actually one of the first states to do this. Is that we require when they're gathering lines that are interstate, that weren't required by federal law to be odorized; that we require the odorization in the pipes, particularly when the lines are closer to homes. This was a problem we saw in Western New York and we insisted on it. And we're hoping to make this actually a federal requirement now. Because as you know, the fact that you call something interstate versus distribution, doesn't make a difference if it's going by someone's home or school and it's in a proximity that you want to make sure the gas is odorized.
The other thing that we do is obviously investigations. And out of the investigations of incidences, we would use those both in terms to determine if a particular utility is violating a regulation and impose penalties. But we also use this for lessons learned. So again, if I can talk about the Horse Head incident, which we finalized. This involved New York State Electric & Gas. In that situation what we found is that there was a gas leakage.

ASSEMBLY MEMBER BRENAN: Madam, you completed your investigation of the Horse Head?

MS. ZIBELMAN: Yes. Yes, that's a completed investigation. So what we found is that there was leakage. There was an odor. Nobody reported it. The lessons learned -- and this is just an example, is out of that what we found is that there had been some water pipe that had been laid on top of the gas pipe after the gas pipe had been put in the ground. The water corroded the gas pipe. That led to the breakage in the gas pipe.

So we've asked New York State Electric &
Gas to replace a certain amount of piping that we found was problematic. And we've also said: "Well, wait a minute. If this happened here, it could be elsewhere." So we're actually asking all our utilities to do a risk analysis now to identify where there might have been municipal water pipe laid on after the gas pipe and where there might be corrosion as a factor.

We're also focusing on the fact that there was gas leakage. It wasn't called in. Why wasn't it called in? What can we do to better improve it? And also reaching out to municipalities to make sure they're aware that when they're laying pipe, where they're laying it and certainly the dig-safe is a very important part.

I would stress this only because every time there's an incident, something happens and you say: "There may be things that are unpreventable. But there are lot of things that could be prevented. And what have we learned from this so that we don't have this happen again?"

Which is obviously where we want to move is a
zero tolerance of preventable incidences. So that is the other piece we're doing.

The other element that the Department does is we have specific safety metrics that we impose in rate cases; that we require improvements, continuous improvement on the part of the utilities. And there are penalties associated with that that the utilities will incur in rate cases if they fail to meet our metrics. The metrics that we're looking at right now include and this is across all of the utilities: emergency response time. And this is really basically saying, you get a call, you have to respond within discreet periods of time or else you get a penalty. So we measure that.

The other thing that we've done in a post-Sandy world is really looked at emergency preparedness. So we have a best practices group that's looking at it. As we learned after Sandy, there's a lot of issues around getting calls, notification, things like that. So in addition to response time, it's also being prepared in the case of storms and things like that.
The other aspect that we look at is what we call: the gas leak backlog. And basically here what we're looking at is that for utilities to eliminate any backlog on an annual basis of where you have leaks that are serious and that are not repaired. I am pleased to say that since we've started these types of metrics, we've seen a huge improvement. Where before when we started this we had a backlog of close to a thousand, 900; we're now down to a hundred. So it's moving down.

And I think this is a lessons learned. We all know from running businesses or anything is is that you shine a light on a problem. You hold people accountable. You put penalties imposed. And then that's a focus point. You solve those issues. And then obviously, unfortunately, there's always more issues. But you've tried to really focus on the ones that you think are going to be the biggest problems.

The other area where we hold utilities accountable is damage prevention. And that is really making sure because we have issues of
course: call before you dig; is to look at how many incidents we have where there have been damage because of third parties. And again this is an area we've seen measurable improvement on the part of utilities; where there have been a reduction in accidents because there's much better coordination with contractors and developers through these types of programs.

The other area which I know is something that we'll want to spend time on is reduction of leak-prone pipe. So we've had work going on continuously in terms of: How do we reduce? We had I think, is it over 40,000 miles of leak-prone pipe?

MR. SPEICHER: Four thousand.

MS. ZIBELMAN: Four thousand?

MR. SPEICHER: We have 11,000 miles of leak-prone pipe; 4,000 in cast iron.

ASSEMBLY MEMBER BRENNA: Mr. Speicher, would you speak into the microphone?

MR. SPEICHER: I'm sorry. We have about 11,000 miles of leak-prone pipe in New York.

ASSEMBLY MEMBER BRENNA: Statewide?
MR. SPEICHER: Statewide.

MS. ZIBELMAN: Yes. So what we're doing is in these rate cases is we've accelerated the amount of leak-prone pipe that we want the utilities to replace every year. And since 2008, we've seen measurable decreases in leak-prone pipe and increases in the acceleration of replacing that pipe. And I'm pleased to say that while we've set the utilities certain standards, the utilities in New York are actually exceeding our expectations and are moving faster, which is good. That's where we want them to be.

The issue always for us is making sure that we balance -- our ideal is to replace all the leak-prone pipe, with the cost associated with that. And that's something we continuously look at. And in the last Con Ed rate case for example, we increased the obligation on the utility to accelerate the reduction of leak-prone pipe. And it's something we will continue to work with is to see how we continue to accelerate that replacement. So those are those areas.

The other area that we're looking at is
violation reduction. So as a standard of safety that we've put in the rate case is that we will hold utilities accountable for any violations; and that they will have penalties associated with any violations of our rules. So basically, it's setting the standards, setting the bar, monitoring it, making sure there's compliance and imposing penalties if there's any violations.

And I would say from the perspective of knowing where other states are, New York has a history of being aggressive, as a leader in this area, particularly around odorization. But it's an area that we just don't want to rest. We have a lot of old infrastructure. We have to be very aggressive in looking at ways to replace it.

So those are the major elements I would say. In terms of penalties, they are significant. They have grown. And as a result of the fact that the Legislature has given the Department penalty authorization, we're now able to do more. Historically, we used settlements. But now we have the authority to impose penalties ourselves for any violations. And then we also have
increased, thanks to the Legislature, penalties on third parties who fail to adhere to the call before you dig. Where before it was 1,000; now it's up to 2,500 on the first call. On multiple calls, it's 10,000. So it's getting people's attention. Because unfortunately, it's prevention, prevention, prevention is a very critical element for us.

In terms of the Harlem incident itself, as you noted, we can't talk about the results. I do want to note that in addition to the National Transportation Safety Board investigation, which the Department is a participant in; we're also doing our own investigation under our authority to look at whether or not Con Ed violated any of the State's rules. That investigation is also proceeding. We have a total of 13 people who are doing both analysis of the reports, forensic analysis on the pipes; as well as interviewing people involved. So that we have our own independent full picture of what went on and are not necessarily just dependent on the National Transportation Safety Board.
I would report that Con Ed, as all the utilities are, when we do these investigations are very compliant. That is never an issue in working with the Department. I think we all take this very seriously and none of us want to wake us to these types of incidences. So thank you very much for your attention. I appreciate again the opportunity to be here. I appreciate your attention to this matter and I'm happy to answer any questions.

ASSEMBLY MEMBER BREN NAN: Thank you, Chairperson Zibelman. I'll ask some questions and then the other Members will do so. And I'll reserve my right to come back. Once the NTSB process and their report is issued, what will the Commission do in relation to that and its ongoing analysis?

MS. ZIBELMAN: Well, the first thing we'll do is once the report is issued, we'll obviously take a look at what the findings are. And if there are things to be learned from these findings, we'll begin to apply them.

ASSEMBLY MEMBER BREN NAN: Let me ask you
this. Do they have any authority to order any changes?

MS. ZIBELMAN: Yes, they would. If they see failures in our own processes, which is something the NTSB can do; if they think that there are regulations or things that we could improve, they will advise us. And that's certainly something we would look at. So that would be one piece. So it's obviously looking at how we regulate and oversee it. And the other is there are practices that we could modify or change in the State that we would also look to.

ASSEMBLY MEMBER BRENNAN: Okay. Now, once that's over and you have an ongoing investigation, will you open up a proceeding to review the investigation and its findings in any way? Or will you simply proceed to issue whatever orders or fines or violations? In other words, will there be an opportunity for a public comment or Hearing on your findings?

MS. ZIBELMAN: It really depends on the nature of the findings. If in fact we find violations, then there will be some form of a
public Hearing because we will look at charging if there are violations. And then Con Ed would have an opportunity to respond. It would most likely be in front of an administrative law judge. And then once the administrative law judge finishes what is essentially an administrative trial, then it would come in front of the Commission for final determination. And all of those procedures are public.

ASSEMBLY MEMBER BRENNAN: Yeah. Now the Commission just issued a risk assessment order for the entire gas utility industry across the State. And that was issued coming out of the Horse Head's investigation, is that right?

MS. ZIBELMAN: That's correct.

ASSEMBLY MEMBER BRENNAN: Well, there's an ongoing risk assessment now going on.

MS. ZIBELMAN: Right.

ASSEMBLY MEMBER BRENNAN: What is the industry's obligation under this? And how do you foresee this playing out?

MS. ZIBELMAN: Well, there's several elements of it. So one aspect that we did on the
risk assessment is we thought that the education process was not where it needed to be. So, the utilities are working together in a collaborative.

ASSEMBLY MEMBER BRENNAN: Yes. And I took note of the fact that they were supposed to provide some kind of a report on their planning --

MS. ZIBELMAN: Right.

ASSEMBLY MEMBER BRENNAN: -- 60 days from February 20th, which would have been two weeks ago or so.

MS. ZIBELMAN: Yeah, that's due on May 18th. So, we're expecting that. And then there's a further risk assessment on how they'll go about in looking at replacing the pipes. That is a obviously more intensive risk assessment and we want to make sure that we get the right things done. So one of the things I know that the utilities are concerned about is if they don't have sufficient time; do they need additional time to get it done?

So there's two pieces. One is the
education piece. The other piece is: How do we address this issue, the process as we go forward in really examining? Because this is extensive. Can you imagine the miles of pipes we now need to go look at to see if there's a problem like we have with Horse Head's? And going through that and doing it in a deliberate but quick manner is something that we're looking at.

**ASSEMBLY MEMBER BRENNAN:** Let me ask you this. Is it true that the replacement of the old cast iron and unprotected steel piping with the modern polyethylene pipe or other newer technologies is the primary opportunity to improve safety? I know there's leak detection. But in terms of you look at statistics and you see 50 percent of the leaks are due to corrosion or something like that. And so is this the main opportunity for safety reduction?

**MS. ZIBELMAN:** Well, I'm going to ask Kevin to add to what I'm going to say. I think there's multiple pieces.

**ASSEMBLY MEMBER BRENNAN:** There's many opportunities. Yes, I realize. But --
MS. ZIBELMAN: Right. But clearly replacement of aging infrastructure is critical. But you know, just because we have aged infrastructure doesn't necessarily mean that we're always vulnerable. But we do need to replace it. The second piece is really the leak detect technologies; so we identify where to replace and do it in a way that gets to the problems in an expeditious but a sort of appropriate manner. The third is of course the customer education -- consumer education; getting people to call. So it's these other prevention. I think they're all; I wouldn't necessarily say one is to the exclusion of the other. Replacing this amount of pipe will take a long time and we can't just simply say: "Let's just do this this year and then we'll be okay." We have to do all of it.

And Kevin, is there anything you wanted to add?

MR. SPEICHER: I would add damage prevention to that because it's very important to make sure that pipelines are not damaged and if they are damaged, that they are repaired.
MS. ZIBELMAN: The other thing and I think the utilities may want to talk about this is really looking at technology improvements around leak detection. I mean, that's a critical piece as well; is that we use the best of technology, the best approaches to constantly be monitoring for leaks so we can repair and replace.

ASSEMBLY MEMBER BRENNAN: Yeah. You just completed a rate case with Con Edison, in which there was a rate freeze. But at the same time, there was a obligation to accelerate the replacement of the pipe. Are there further opportunities to accelerate replacement without increasing rates do you think?

MS. ZIBELMAN: So in the rate case, we did do an increase in terms of the replacement and that increases every year, the amount of pipe replacement.

ASSEMBLY MEMBER BRENNAN: An increase in the amount of replacement?

MS. ZIBELMAN: Right. I think that, as I mentioned, Con Ed is exceeding even where there
goals are. And so we can talk about. I think there's always an opportunity to think about how we can do more faster. And it's certainly something we would want to continue to explore with Con Ed and all the utilities. I mean, we do have an advantage now of low interest rates. That's one of the reasons we're accelerating is that you have the ability to do more. And so if we can find ways to continue to improve that, we will.

ASSEMBLY MEMBER BRENAN: There's been concern that the Commission, you know, we used to -- I mean, the Commission and the utilities; the utility would come in and ask for a rate increase and that would be considered and the Commission would make a decision. And then several years later, they might come back and do the same thing again. But more recently, there have been these multi-year settlements in which the utility might not come back for a number of years.

And there's been concern that that process lends itself to I guess a lack of focus on safety and maintenance and other issues. And I
know the Commission has just issued a series of orders and that's great. But you don't necessarily do like an annual or a biannual independent, generic kind of safety proceeding, which the public is participating. Do you think that that would be an improvement to your process?

MS. ZIBELMAN: Well, I guess I would answer in two ways. One is that actually the Commission does do audits of the utilities and we don't wait for rate cases. So we are always auditing to make certain that they're compliant with the regulations, safety regulations. So this is not just a rate case matter for us. It is a continuous matter. So we are doing that piece of it. And secondarily, one of the things that the Commission has done is when we look at multi-year rate plans; the advantages of multi-year rate plans is that the utilities can make commitments to infrastructure investments over a multi-year period and we can see increases in those investments. And it allows them to do capital planning in a much more efficient way.
But one of the things that we would look at as a regulatory Commission is at the same time that you may not be changing rates, you're putting strict measurements on activities. And we expect utilities and would set forth very deterministic outcomes that we would want to achieve. So it's not as if we do a rate case; the utility goes away and we don't see them for three years. We're constantly looking at what they're doing in terms of compliance. And we're always measuring activities.

And then going forward as we would see in multi-year rate plans, one of the advantages is you look at very clear outcomes, such as: "You will replace this much pipe every year and we will be watching you or else we'll haul you back in." So that you're very, very specific on what you want to achieve. I find it is actually a better tool than simply doing an annual rate case or biannual rate case and then they come back. It allows us to direct and shine the lights on the problems that we want to get fixed.

ASSEMBLY MEMBER BRENNAN: Alright. Other
Members? Ms. Paulin?

ASSEMBLY MEMBER PAULIN: Yeah, I wanted to ask a little more detail about exactly, you know, what are the specific requirements? And also in terms of what you practically require; do you practically say: "Use this technology" for example? Do you say: "You have to monitor it in a specific way"? And then what is the oversight for those specific requirements?

MS. ZIBELMAN: Kevin, do you want to respond to that?

MR. SPEICHER: As far as leak detection, you do need to use approved devices. It's usually a Flame Ionization unit.

ASSEMBLY MEMBER PAULIN: Approved by the Department?

MR. SPEICHER: Correct, yes.

ASSEMBLY MEMBER BRENNAN: Can you bring that mic a little closer to you?

MR. SPEICHER: Sorry. And so the Flame Ionization unit is one of the units. Optical methane detection is also an approved unit. So we do try to stay on top of technology. But we also
want to make sure that it's at least as effective as current technology. So we want to make sure that when you are doing a leakage survey, that you are not missing existing leaks that a normal Flame Ionization unit would catch.

ASSEMBLY MEMBER PAULIN: And when you say that, I was looking at the staffing. I have no idea if that's enough staff, too little staff, you need more staff? And they're certainly required to have a number of courses. But we know from other professions that if you took a course 20 years ago, you might need a refresher. And so I wondered, you know, when you say you're monitoring technology; we have seen such an advancement and rapid change in so much. How do we ensure the continued education of those people who are in the Department, to be sure that they're up to speed on the kinds of technology if indeed you're the Department that is setting those standards?

MR. SPEICHER: Chair Zibelman talked about the training we need to get fully certified. That training needs to be retaken. So
it's not a one time and you're done. We have to continue to take it. So there are 20 courses to be fully qualified. But we do need to keep retaking those courses and keep up with any changes in both regulation and technology.

On the utility side, they are required to have an operator qualification program. And all of the workers need to be able to demonstrate that they are fully qualified and able to use technology and able to complete qualified tasks.

ASSEMBLY MEMBER PAULIN: So back to what the requirements are. You mentioned there's 11,000 leak-prone pipes. But then I heard this little 40,000 figure. I just wondered what that was?

MS. ZIBELMAN: That was 4,000.

ASSEMBLY MEMBER PAULIN: Oh, 4,000?

MR. SPEICHER: There's approximately 49,000 miles of distribution pipe in New York; of which 11,000 is leak-prone. And of that leak-prone, about 4,200 is cast iron.

ASSEMBLY MEMBER PAULIN: So is that all the various leaks? You know, classification one,
two, three, four, five, when you say "leak-prone pipes"?

MR. SPEICHER: Yeah, I just want to clarify on that. Leak-prone pipe does not mean that the pipe is leaking. It just means that it is prone to leakage. So we want to make sure that we get rid of that and replace it with newer pipe; polyethylene is less prone to leak than some older vintages of pipe.

ASSEMBLY MEMBER PAULIN: So older vintages. So what is the lifetime of a pipe?

MR. SPEICHER: It really is unlimited if it's maintained. Like steel pipe, if it's kept under cathodic protection, at least in theory it should not leak.

ASSEMBLY MEMBER PAULIN: And just to understand a little bit. Consumer education seems to be so important here because we have such a large infrastructure. And so you can't be monitoring it every minute, although I do want to come back to that to understand a little better. But just on consumer education: Is it primarily that we rely on consumers to report leaks? I
mean, is that generally how we're most likely to find out about a leak? Or do you more likely find out about a leak through this surveying technique? I mean, what is the more common way that you would expect, as an engineer?

MR. SPEICHER: The public has to play a role in it. There's a reason we put odor into gas. It's so that you smell it and so that it's a pungent smell and it's obnoxious, truthfully. So the public is the first line of defense. If they smell it, they have to call. That being said, the utilities do perform regular leakage surveys of their system. I don't have the exact statistics. But I believe that the highest percentage is what would be called in by the public. The highest percentage of what is found, it would be called in by the public.

ASSEMBLY MEMBER PAULIN: So, are you aware of exactly where these 11,000 leak-prone pipes are geographically? Or do you just know of them because Con Edison will say: "Well, we have 2,000 leak-prone pipes," and NYSEG says: "We have 4,000 leak-prone pipes"? Or is the exact
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information of where they're located known to the Department?

MR. SPEICHER: We don't keep records of where they are located. However, we do have access to the utilities mapping and we could verify.

ASSEMBLY MEMBER PAULIN: So explain that better. So, you don't physically keep a map yourself but you do review those locations?

MR. SPEICHER: Correct. The Department does not maintain mapping of the gas infrastructure. We would go to the utility and review their records.

ASSEMBLY MEMBER PAULIN: So, I would imagine because we have certain sections of the State that some would have more of a concentration of leak-prone pipes because of the age than others, right?

MR. SPEICHER: Correct.

ASSEMBLY MEMBER PAULIN: So, is there a technique used by the Department to monitor those specific areas? For example, say they were all in Astoria and everybody in Astoria or many people
in Astoria speak Greek. Is there an effort on the Department to look, because New York City is so diverse and we have so many different pockets of that diversity in different languages spoken; do we make an effort to communicate and look geographically at where there might be a concentration of that piping?

MR. SPEICHER: Each utility is required to report their inventories of leak-prone pipe and other pipe. We do review that on a regular basis.

MS. ZIBELMAN: But in terms of the education process, the utilities will also look at making certain that in terms of neighborhood concentrations, that there's training in appropriate languages. So that would be something that I think you could talk to them about but I think that's an expectation. And it's certainly an area that we need to look at. Clearly, we have access to the information from the utilities. If in fact one of the things that we find are deficits in the education process were: Are you speaking the appropriate language and different
communication? That's something that I would hope
that the collaborative would reveal is: How do
you get the public educated? There's lots of
different ways. Certainly, technology is
changing. So all those pieces I think need to
fall into place in terms of making sure that the
message is clearly delivered and delivered in the
right language and in the right vehicle.

ASSEMBLY MEMBER PAULIN: And the
different classifications of leak; I'm not sure
even from reading the regs I completely
understand. But classification one and two, you
have to immediately fix. What does immediately
mean? I was struck by the hundred that are not.
Are they classifications one and two? It says
they have to be repaired on a day-to-day basis.
What does that mean? A plan for day-to-day? Or
actually Monday, Tuesday, Wednesday, Thursday,
Friday? How does that work?

MR. SPEICHER: For a type one leak, we
say it needs immediate attention. Our expectation
is that the utility would stay there until the
type one condition is removed. So in other words,
they need to take whatever action necessary to
get rid of the type one readings.

ASSEMBLY MEMBER PAULIN: And type two,
you have more flexibility?

MR. SPEICHER: Type two has a little bit
more flexibility. It has to be repaired within
one year.

ASSEMBLY MEMBER PAULIN: Within one
year. So those would be the hundred probably that
are not done, right?

MR. SPEICHER: Yeah. Most of those would
be type two leaks, correct.

ASSEMBLY MEMBER PAULIN: We did hear
from news reports that people did smell gas and
they were used to smelling gas. Just as a
layperson, I'm thinking: Well, that's because
there was probably a type three or four or five.
Do you smell gas typically in the most common
situations for all those types of gas leaks? Or
are four's and five's so miniscule that you might
not?

MR. SPEICHER: You would smell gas. You
should smell gas if it is being released to
atmosphere. So if there is a leak, the expectation is that you would smell it if you were in the area where it's venting to atmosphere.

ASSEMBLY MEMBER PAULIN: So there should be I would imagine a consumer education on degrees of gas smells, right? Because if you have a leak four or five and there's some odor but it's safe, you know, people might get used to smelling that odor. So, is there any look at being able to educate the public in terms of differentiating between what might be considered a more severe leak to a less severe?

MS. ZIBELMAN: Let me just interject on that. I don't think personally that that's the type of differentiation we would want to make. Where we want to move the public is if you smell gas, call, period. Whether it's because you kept your burner on too long or whether or not there's a gas leak, we want it checked out. Because the fact of the matter is that we're all individuals. What some people may detect on one way, another person may find is not. And the best thing to do
is get to the public to the point that if you smell gas, call and let us determine, let the experts determine whether or not it's a significant enough leak. I think that's the safest and the wisest thing to do.

ASSEMBLY MEMBER PAULIN: So, do we have any sense of the 11,000 leak-prone pipes; do we have a sense of whether those, if that's primarily where most of the classifications are? I mean, have we seen other types of leaks in other places? And what types of leaks might we see in a non leak-prone pipe area?

MR. SPEICHER: The expectation would be that the majority of the leaks would be on your older pipe. We don't expect new pipes to leak. They are tested before they're put into use. So we do not expect new pipes to leak.

ASSEMBLY MEMBER PAULIN: So, that 11,000 area would be the critical piece for educating the public and for understanding what gas smells like?

MS. ZIBELMAN: Again, I would hesitate trying to cut this too thin. I think from a
public education standpoint because a public could be a person who's walking in a neighborhood; it could be a kid going to school. I don't think we want to sort of say: "These are the areas of concentration where we want to educate the public because these are the areas that we identify as most risk." I think the best approach is to educate all of the public; have effective ways that people understand this and make sure that they understand where to call. Make it easy and look at really trying to understand: Why? What are the imperfections in our notification and our education process that people don't understand?

And again the other piece of this is that, as Kevin said, we are dependent on the public. We also need to move towards better leak detection approaches that the utilities can use because they are regularly surveying and are out there. And then also look at other technology means such as devices that could be in homes or buildings that could create a notification so that we're not dependent. I think it's all of
that. But I would hesitate to do anything to suggest that: We don't have to worry about this particular region.

ASSEMBLY MEMBER PAULIN: I guess what I was struck by in the regulations is there's so much about different classifications and different surveyor requirements. And clearly there's an effort by the Department to define what the technologies are. But there's no real specificity about how utilities should best educate the public. For example, in my mind, outside of the City of New York we have local municipalities. They are not brought in. They wouldn't know for example if they have leak-prone pipes. And to be aware, to educate, to help educate the public and so much of education in our local communities outside of the City of New York is done through the municipalities. So, it's just of note that perhaps there could be more emphasis on the part of the Department to help figure that out.

MS. ZIBELMAN: Assemblywoman Paulin, I agree with you. Again, on the Horse Head's
incident, what we learned is that the municipalities need to be better educated. Part of the collaborative we're working on is to make sure we have the right folks educated.

But also I think of this as you sort of teach the teachers. Municipalities have a lot of interface with customers. We, as a State agency, part of our role is to really if you think about this as a fulcrum but to bring it out. The utilities need to educate. The municipalities need to educate. I'd love to see something in the schools. I personally believe that kids are a lot more sensitive to smells than adults and so if we can get kids even educated. This shouldn't be something that we say: "We're done." I think it needs to be a continuous process and get as many people as we can engaged; so that this becomes as normal as any other aspect of public safety that we want people to be aware of and call in or know where to call.

ASSEMBLY MEMBER PAULIN: And I would just as a final question: Massachusetts has a pending law that would require the mapping of gas
leaks, which would make it available to a Department like yours, as well as local municipalities. Do you think that would be helpful? And why or why not?

MS. ZIBELMAN: We are looking at that. I can't tell you today whether or not this is something that we think would be something we would like to see; whether it would help us do our job better. We're certainly looking at it of interest. And as you can imagine on everything like this, there are pros and cons. And we'll look at this. Clearly, as I'd like to see things move forward, the ability to get information and then use analytic approaches that may be better in terms of asset management are the types of things that I'm interested in personally. Because it does help if you can find that using map, that you can identify things better when you have better information. So, we're looking at it. And we'll certainly get back to you if we think that this is an area that we should look at in New York.

ASSEMBLY MEMBER PAULIN: I'm just a
little curious because to me transparency is always a good thing. And so I just wondered what might be the bad thing?

MS. ZIBELMAN: I think one of the concerns about transparency is that if you have information for example we were to post, people were to say: "Well, if they see a leak, they'll post it. So therefore even though I smell something, they must know." Or: "It's posted, therefore I'm not going to call." It's again is how understanding how people will use information to take action is one of the concerns we have -- I have, in terms of thinking through: What are the consequences of providing this information? Will it rather than call to action; does it result in complacency because people think the authorities already know, so I don't need to do anything? And that's something I think we need to consider.

ASSEMBLY MEMBER PAULIN: Well, that coupled with consumer education on what you should be doing might not --

MS. ZIBELMAN: It could be helpful.
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ASSEMBLY MEMBER PAULIN: Yes, it could be helpful.

MS. ZIBELMAN: Yes, yes.

ASSEMBLY MEMBER PAULIN: Thank you.

ASSEMBLY MEMBER RODRIGUEZ: I thank Chairwoman Amy Paulin for asking many of the right questions. And I think one of the concerns that we had when we were doing our research post our event was with the issues around audits in particular, high risk areas being audited annually in terms of gas line replacement and the amount of leak-prone lines; the obvious question is: Where does this information go? How does that impact the replacement plans of the utilities? And as consumers, where do we have the opportunity to be able to track this? And I know that's one of the areas that we've touched upon and led to the Legislation I introduced 9336, to talk about what is going to be our methodology for posting this, making this available? And how does that impact the capital programs of Con Edison and/or some of the other utilities?

The question that came from reading the
testimony is: Where does someone find out where their community lies in terms of a concentration of leak-prone areas and/or if they are in a high risk area? So, that was one of the things that I could not answer based on my cursory review of the information that was out there as to whether or not; other than news reports talking about our aging infrastructure, where we fit in during those reports. And I'm sure that's a question that remains outstanding for the 4,000 miles of pipe that is in place.

So, I put that out there as an issue that I think we still need to address; that I'm certainly interested in working with you and addressing your concerns about how that could be used. But I think there's certainly a necessity for that information to be tracked and to be made readily available and that can come from the utilities as part of this process. And then the question can be: Is the frequency sufficient and is it comprehensive enough?

MS. ZIBELMAN: Right. And I would agree that the desirability of transparency of an
informed public is something that we would always strive to do. What we'll do is we'll take this issue back and certainly give it careful consideration on how to best deal with both sides: the concerns we have, as well as the desirability of transparency in information.

ASSEMBLY MEMBER RODRIGUEZ: Thank you.

Looking at the testimony again, one of the questions that have come up and I was startled by how much emphasis we continue to place on the technology of the human nose and the senses in terms of detection. And while I understand that's the first line of defense and we've made significant technological efforts to inject odor into making this a viable response mechanism; we talked a little bit about other opportunities for technology. And one of the things that wasn't clear is PSC actively engaged in soliciting what's the latest technology from the market? Is that something that's passing through the different utilities and they're making reports to you on a regular basis on what technology is there? Are there active solicitations? How are we
getting an idea of what is the latest and
greatest of technology and how regularly is that
being reviewed from the Public Service Commission
perspective?

MS. ZIBELMAN: There is technology
that's underway and it's being tested; that can
be used for detection of gas and methane. We are
and Kevin's staff and Kevin, you can certainly
add to it; is always on that. As part of our
regulatory practices and the associations we're
with -- the American Gas Association, we have all
the information of what's available. And I know
the utilities are looking at this too.

And I would agree with you Assemblyman
Rodriguez, in the 21st century you would think
that we'd be in a position that we'd be looking
at technology solutions that can help us on all
sides. We, as you know, on electric we also rely
on people and we need to start thinking about:
Where do we move to the next level, that we can
use technology more effectively? And certainly
that's something that I think we need to continue
to explore and really push in terms of creating
that demand. Because with the demand, there will be solutions.

ASSEMBLY MEMBER RODRIGUEZ: And I don't want to create hypothetical situations. But we certainly want to make sure that maybe we should have a process in place where we look at this annually. And maybe we solicit from the technology industry as to what is possible and/or require that from our utilities to actively provide us with the information on what's the greatest technology for review.

MS. ZIBELMAN: Right. And it is something that the staff is in continuous communication. It's an area that is under continuous dialogue, both within the staff and I know from speaking to some of the utilities; I know it's at the leadership level of the utilities too of looking at technology.

ASSEMBLY MEMBER RODRIGUEZ: And when we talk about the timing of replacement, one of the things that came to light I guess in terms of discussions is how that's changed and certainly increased now. But potentially if our utilities
are exceeding our guideline, first, what is our
guideline in terms of pipe replacement, leak-
prone pipe replacement? And then secondly, if
they're exceeding it, is the bar too low?

MS. ZIBELMAN: I think that what we do
is we set the guidelines in rate cases based on
the rate planning. So, each utility has a certain
guideline based on where they are and their
revenue requirements, etc. You know, there's
elements. I don't think the bar is too low. I
think the fact is is that because of we have
opportunities when utilities will look at
opportunities to replace and accelerate it, it's
something that we really want to encourage rather
than simply saying: "Well, the bar's too low, so
we need to increase the bar." I think exceeding
is a good thing.

ASSEMBLY MEMBER RODRIGUEZ: I think that
goes into the discussion about methodology and
being able to engage in that conversation with
the utilities and certainly with the PSC on
replacement mechanisms. It's helpful certainly
for us as a legislative body as well.
MS. ZIBELMAN: Okay.

ASSEMBLY MEMBER RODRIGUEZ: And then one other question is the reference to damage prevention. And I think this is something that we're obviously thinking about in terms of the initial; in previous experiences, what prevents damage? And how much is there in interplay between other infrastructure and the gas infrastructure? Is that what you referred to as potential damage prevention? And in situations like this, how often does that interplay?

MS. ZIBELMAN: I mean, it is the: call before you dig.

MR. SPEICHER: Yeah, it's the "call before you dig" regulations and "free call dial 811." The utilities, not just gas but all utilities are required to come out and mark the utilities. When I talk about damage prevention, it's making sure that anybody doing excavation is not damaging existing pipelines; whether it's gas, water, electric, anything that's underground.

ASSEMBLY MEMBER RODRIGUEZ: And then
finally the question with regards to the report:
When do you expect to I guess file your report,
in terms of the review that's currently
happening?

MS. ZIBELMAN: You're talking about the
East Harlem?

ASSEMBLY MEMBER RODRIGUEZ: Yes.

MS. ZIBELMAN: That investigation is
undergoing. I don't want to sort of predict
because there's a lot of elements to it. There's
the reports, the forensic analysis and now the
interviews. So, I couldn't put a date on it
today. But I can tell you the staff is
aggressively looking at this because this is a
situation where we want to make sure we
understand. And if there are therefore things we
learned from this, that we have this done as soon
possible.

ASSEMBLY MEMBER BRENnan: We've been
joined by Assembly Member Brian Kavanagh from
Manhattan. Welcome. Senator Perkins?

SENATOR PERKINS: Thank you very much. I
have a few things I want to go through. I'm going
to read something: "In 2011, 69 feet of the cast iron gas main on the block was replaced with newer plastic. The utility said it replaced a portion of the gas pipe then because the street had been opened up for water and sewer work related to a new building on the block. The utility has said it surveyed the main for leaks two weeks before the March 12th blast, but found none." This was written by Andrew Tangel of the WALLSTREETJOURNAL.COM. Now who signs off on this replacement, that obviously was not good enough to prevent what took place? Who signs off? Is it your office? Or is it some other entity? Is there anybody at all?

MR. SPEICHER: Any time cast iron is undermined and this is anywhere in the State if it's undermined; so if there was an excavation that happens next to it where the backfill is disturbed, we need to replace the pipe. So a lot of times there are small sections that are replaced. And it's a preventative measure because cast iron has a tendency to crack if it is undermined. So we want it replaced so that it
SENATOR PERKINS: So if it's replaced, who signs off on the replacement? Because apparently it did not help the situation.

MS. ZIBELMAN: In terms of signing off, the requirements are that the utility does the work. Do we have a particular approval? That's the question?

MR. SPEICHER: We do not have a particular approval.

MS. ZIBELMAN: But I wouldn't suggest -- your last statement, obviously with the investigation is still undergoing; so I can't, I wouldn't necessarily say that we know what was the cause of the incident and that there was something that was insufficient.

SENATOR PERKINS: Okay. So, is there any signing off on work that's done of this type or any type or pipe replacement with plastic or whatever?

MS. ZIBELMAN: In terms of the State approving it or reviewing it?

SENATOR PERKINS: I'm just trying to
understand: Does your Commission have any responsibility when there's replacement of this type, to sign off on it? Or do you know of any other entity in government that has that responsibility?

MR. SPEICHER: On distribution, we do not. On transmission, we do need to certify a pressure test; so we are present for the pressure test that takes place on transmission pipelines.

SENATOR PERKINS: It seems to me that there's a suggestion that when that work is done, it may be accountable for some faultiness. And I just wanted to see if you thought maybe there needed to be somebody to sign off on it or something like that that you think it would be useful? Do you think it's not necessary? Do you think it happens all the time?

MR. SPEICHER: I think it's something we could look at. I don't want to say that every piece of distribution pipeline that is put into the ground needs to be signed off on. And by that, I just want to emphasize that there are very strict construction protocols that need to
be followed and records needs to be kept on that and we do review those records.

SENATOR PERKINS: I'm going to change the subject a little bit. You put a lot of emphasis in your remarks on the role of the consumer in reporting gas. Do you train the consumers? Is there any training for consumers to know what this smells like or where to put report it? Is that your office, do they do that? How does that happen? I'm the consumer. I smell something. I live in the neighborhood, I smell something. How do I know what I'm smelling?

MS. ZIBELMAN: We have a consumer outreach office. But largely the process of educating consumers, we do rely on the utilities to work on those. But as I mentioned, we also have a collaborative that we're forming to take a look at how to improve that process to make sure that there's appropriate information sent to consumers.

SENATOR PERKINS: You rely on the utility to do what now? To have education, consumer education?
MS. ZIBELMAN: The pieces of it is the utilities will develop odorization cards. They'll put things on their website. Again, as part of the collaborative that we're looking at is: How to get municipalities involved? How to get other involved? As I mentioned, I've been in conversation with the Department of Homeland Security. We're doing a lot of training the State around emergency preparedness and adding gas safety as a piece of that. We're looking at every element, every avenue we can to repeat this message to get consumers trained. There's a piece of this that is critical, that consumers know if they smell gas they need to call. But I'll reiterate, that's one element of it.

The other is the utility surveying, which is also a critical piece of making sure. And then the call before you dig. And so there's multiple components. But clearly if a customer, a consumer in New York smells something, we want them to know what they're smelling and be able to know where to call and make it easy for them.

SENATOR PERKINS: Where do they call?
MS. ZIBELMAN: They could call 911 and then can call a utility number. One of the things that --

SENATOR PERKINS: B, utility number? Or A, utility --

MS. ZIBELMAN: In Con Ed, there's a number that can be called. One of the things that we're looking at coming out of the Harlem incident is whether or not there's a better way to do that. Again, Senator Perkins, one of the concerns we have is to look at: Did people know where to call? Were they smelling it and for some reason they thought it wasn't their responsibility to call? We want to find that out. And we want to understand that so that we can address these issues. They're a matter of significant concern to us.

SENATOR PERKINS: The utility, how often do they report gas leakage to you? Do they report the gas leakage? Does somebody keep track of the reports that they make?

MR. SPEICHER: We get data from the utilities on a quarterly basis, on the number of
leaks they have broken down by leak
classification.

SENATOR PERKINS: Did you get reports
regarding this particular site?

MR. SPEICHER: We don't get them by
location. We get them by the number of leaks.

SENATOR PERKINS: And how would you know
where the problems would be if you just got a
gross number?

MR. SPEICHER: As part of our normal
audit schedules, leak are a high risk item; so we
look at leaks every year. So, we do a statistical
sampling of all leaks in the State with every
utility.

SENATOR PERKINS: Were you aware of the
leaks in this neighborhood?

MR. SPEICHER: Personally, no.

SENATOR PERKINS: Well, are you aware of
leaks in any place, at any point in time? I'm
just trying to understand: Are you involved at
all in knowing when there are leaks and where
those leaks take place?

MR. SPEICHER: We do a normal audit of
all leaks in the State.

SENATOR PERKINS: Okay. So, when you say all leaks, is it geographically? I'm just trying to understand: How do you know where leaks are taking place at?

MS. ZIBELMAN: What we do is we'll audit in terms of the utilities and understand where there are leaks in their system. And we're also looking to see if they're complying with their obligation to repair. But you again, and I think that you've identified an issue, the concern is: Should the Department have more information around the location of the leaks? And to be able in their auditing process, to identify and make sure that with respect to the location that they have more information to see if there are particular problem areas that need to be focused on. I think that's the same type of issue that Assemblywoman Paulin and Assemblyman Rodriguez is asking. I think it's a very good issue and something we'll take back.

But I do want to be very clear. The Commission and Department is the oversight. We're
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auditing. We are dependent on the utilities, who also obviously have the primary obligation to do this; to be focused on areas, to have the information and to manage themselves.

SENATOR PERKINS: Sure.

MS. ZIBELMAN: Because they're the primary entity.

SENATOR PERKINS: So you get reports of leaks from the utility?

MS. ZIBELMAN: Right.

SENATOR PERKINS: And then what do you do with those reports?

MS. ZIBELMAN: Well, we'll look to evaluate, to make sure that they're repairing the leaks in accordance with the standards.

SENATOR PERKINS: So, I'm trying to understand. So, you get gross numbers of reports or geographic? I'm just trying to understand how you -- I know you're not managing the operation. I just want to be clear.

MS. ZIBELMAN: I mean, well, we look at where they have what we call the number one leaks, number two leaks; and are they meeting
their obligations to repairing those leaks in the time that they're obligated to do so? Our focus is to make sure there's the detection and the repair and it's being done in the timeframe that the rules require them.

SENATOR PERKINS: So for instance, can the PSC and/or Con Edison provide mapping of where the 11,000 miles of leak-prone pipe exists?

MS. ZIBELMAN: Mr. Ivy is here from Con Ed. But yes, Con Ed has that information and we can get that information. We have it available to us.

SENATOR PERKINS: But you don't regularly review Con Ed's reports in that regard?

MS. ZIBELMAN: I believe as part of the audits, they are reviewed. We are looking at them.

SENATOR PERKINS: You are looking. And when you get those audits and notice this type of a situation, what do you do? When you see that there are leaks in those audits, then what steps do you take?

MR. SPEICHER: We look at the records
and make sure that all of the records for the leak investigation are compliant with the current regulations, including: Have they been surveyed at proper frequencies? Have they been repaired in the proper timeframes?

SENATOR PERKINS: And if there's shortcomings in that regard?

MR. SPEICHER: We'd report them to the company.

SENATOR PERKINS: And are those reports public?

MR. SPEICHER: They can be.

SENATOR PERKINS: Do you have recent reports with regard to this particular site?

MR. SPEICHER: Everything with respect to this area is being reviewed as part of the investigation.

SENATOR PERKINS: Do you have historic records about reports from this area?

MR. SPEICHER: That is part of the investigation right now.

SENATOR PERKINS: Do you also compile consumer complaints? When the consumer calls: "I
smell gas," where do they call?

MR. SPEICHER: The expectation is that the consumer when they smell gas, they're dialing either 911 or they're dialing their local utility.

SENATOR PERKINS: The expectation?

MR. SPEICHER: Yes.

SENATOR PERKINS: Is this an expectation that is that the consumer learns to do from where? How does the consumer know to dial 911 if they smell gas as they're walking through their neighborhood?

MR. SPEICHER: Each utility should have a public -- not should; each utility does have a public awareness program where that information is being conveyed to the customer.

SENATOR PERKINS: Do you ever get to compile that information, to determine whether or not there's something really good or bad happening or not happening?

MR. SPEICHER: Yes. We did a comprehensive review of all public awareness programs throughout the State for every company.
We concluded those in 2013. So, we did make recommendations to LDCs, who have improvement opportunities. So, yes, we do review their public awareness programs and we have done that.

SENATOR PERKINS: Have you at a time criticized Con Edison for their shortcomings with regard to leaks?

MR. SPEICHER: With regards to leaks?

SENATOR PERKINS: Yeah, gas leaks. In other words, they've had gas leak problems obviously. You're aware of those problems, I assume.

MR. SPEICHER: Yes.

SENATOR PERKINS: What do you do next? Do you send out a report or something, a memo to Con Ed and say fix this?

MR. SPEICHER: We do comprehensive audits of all utility functions, a minimum of every five years. We have an audit program where we look at high risk items on an annual basis.

SENATOR PERKINS: What are high risk items?

MR. SPEICHER: Type one leaks, for
example, would be a high risk item.

SENATOR PERKINS: Let's say, if Con Ed has type one risk items --

MR. SPEICHER: Yes.

SENATOR PERKINS: -- you would?

MR. SPEICHER: We break down every audit function, so that we look at a representative sample on a five-year basis. So, we have certain audit functions that we look at annually. We have certain audit functions that we make sure that we look at within five years.

SENATOR PERKINS: So when you read about type one items from Con Ed, what did you do? What do you do? How does the public know what you do? Our community boards, our local elected officials, the community that might be at risk; how does the Commission respond to that kind of situation?

MR. SPEICHER: We send a letter to Con Edison or any LDC. I don't want to specifically say Con Edison; but any LDC and we report what the results are. As part of the recent rate case, all of those results will be on the Commission's
website under the rate case number because they have a violation metric. So that will be available to the public on the Department website.

MS. ZIBELMAN: If I can add to this? I mean, I think if I get your question right, the audit information that the Commission does when we do an audit of a utility; that information is public information. It could be available on requests on the Commission. What we're adding to this and this is a new requirement that we're imposing on utilities as they file for rate cases is that we are measuring any violations. And so that information becomes transparent as well. In terms of what the Commission and what the Agency does: If we feel that any utility is not meeting the requirements of the regulations, we have an opportunity to impose penalties. We also will advise them where we believe that there are areas of improvement. All that information is available public information.

SENATOR PERKINS: And how does the public know it's available? And how does the
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public access that information? And particularly with regard to this incident, in this neighborhood?

MS. ZIBELMAN: Well, again, once we complete the investigation, the report that we will issue that will be a public report. I can't --

SENATOR PERKINS: Well, if I may? Not the report. I'm just saying before the report, before the incident, you were doing something. And how does the public get that normally, under normal circumstances?

MS. ZIBELMAN: Right. If in fact and there was no record of that there; if in fact this has been an area where there had a problem in terms of failure to fix a known leak, that information would have been known to us and could be made available. The investigation is ongoing. But there is no record that we have that we would say that this was a historic issue that was not addressed.

SENATOR PERKINS: Just so I'm clear. Have you in the past had to tell Con Edison they
have problems with leaks?

MS. ZIBELMAN: We can back and look at the reports as can make those available of what we have found in our audits of Con Ed; so that the Assembly and the Senate have that information.

SENATOR PERKINS: Please do that. How do we educate the public to do what you're suggesting? When you say the public should report what they smell, what does it smell like? There are a lot of smells in the neighborhood, in the City. So how do you teach people to smell and report? Because the burden of this as per your testimony is on the consumer and people, especially in this neighborhood, are very active. We got community boards. We got block associations. We got tenant associations. We got church groups right there in the neighborhood. So they're very ready, especially now, to want to be able to be helpful for the benefit of their neighborhood.

ASSEMBLY MEMBER BRENNAN: Could I interject just a moment? Senator, the Commission...
just ordered the utilities to come up with a better plan.

SENATOR PERKINS: Okay.

ASSEMBLY MEMBER BRENNAN: And we have the five utilities, which will shortly be testifying. And so I think to some extent it would be useful to hear from them on this subject.

SENATOR PERKINS: I appreciate that. And I'd like. But I just want to make sure I understood what she was saying when she said that the consumer is the point at which this has to happen. And I'm just trying to understand what that means from the perspective of the consumer, which is my constituents. And that's all. I just want to be clear.

ASSEMBLY MEMBER BRENNAN: And it's a good question.

MS. ZIBELMAN: Right. One of the things that I think, as I mentioned, is that we are working with the utilities. We've asked them to develop plans. We'll look at those plans. We'll look at the effectiveness of those plans. And I
believe that -- I won't speak for any of the
utilities; but I know that this is a practice
that they're always going to be looking at better
ways and effective ways to communicate.

I do want to stress while it's very
critical that consumers are educated on the smell
and it's a rotten egg smell; it's also equally
critical to recognize that that is one arrow in
our quiver. The other arrow is the detection
programs that the utilities have and they're
continuously to look at; so that they're not as
dependent. And then the other is certainly
looking at replacing pipe as quickly as we can
that is leak-prone; so that we avoid problems
going forward. So certainly consumers are a very
critical line of defense and we need to continue
to work on making sure that if people do smell
something, they know where to call. But I don't
want to leave you with the impression that that's
the only thing that we ask the utilities to do.
That is just one component of it -- a critical
one, but just one.

SENATOR PERKINS: Thank you, Mr.
ASSEMBLY MEMBER BRENNAN: Thank you, Mr. Buchwald, did you have some questions?

ASSEMBLY MEMBER BUCHWALD: Yes. Thank you, Mr. Chairman. First, one question that I don't think has been addressed. But taking a big picture point of view: Are there any differences in terms of gas safety procedures between dealing with larger gas pipelines that maybe transport gas regionally or across state borders versus I think a lot of what's been the focus understandably this far, which is more of the end-user pipes that come into our homes and businesses? If you can talk whether anything the Commission does or utilities do is different with regards to those different kinds of pipes, that would be great?

MR. SPEICHER: New York State has some regulations that are much more stringent than the federal government; particularly, I'll use odorization for example. Interstate pipelines only need to be odorized in class three and class four locations. And generally speaking, that's
just where there's a high population density. So stuff out in rural areas and on the interstate side, so jurisdictional to the United States Department of Transportation, do not need to be odorized. New York State has taken the stance that says: Any gas in transmission pipelines is going to be odorized, regardless of class location. So that's one area where we're a lot more stringent.

ASSEMBLY MEMBER BUCHWALD: But just to make clear: With the differentiation between the different standards, between the State and federal standards, are you saying that there are certain pipes that travel through New York State but because they're under federal jurisdiction, they don't need to meet New York State procedures? Or is that the New York State higher procedure applies to those?

MR. SPEICHER: New York State regulations would only apply to intrastate pipelines, not interstate pipelines. The interstate pipelines would fall under 49CFR.

ASSEMBLY MEMBER BUCHWALD: So what, at
least as a policy matter, do you recommend be say conveyed to the public or done vis-a-vis safety; if a lot of the references we've made to smelling and reporting and so forth aren't applicable to all gas pipelines that exist in New York State?

MR. SPEICHER: I'm not sure I understand.

ASSEMBLY MEMBER BUCHWALD: Well, like for example, what should a resident of New York State know if they live near or work near one of these other federal pipelines, where they're not going to be able to smell the gas if it's leaking from those facilities?

MR. SPEICHER: Each pipeline operator is required to have a public awareness program and specifically target people along their pipeline right-of-way. And they would need to convey how you would know that there was a gas leak. You might hear it. You might see dust in the air. You might see different types of things going on. You may see vegetation dying. So the people, especially living along the pipeline right-of-way, need to be educated on what to do and how
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they could possibly detect a leak.

ASSEMBLY MEMBER BUCHWALD: Is there a list of pipelines under federal jurisdiction in New York State that's available?

MR. SPEICHER: We could provide it to you. And there's also the National Pipeline Mapping Service that has it.

ASSEMBLY MEMBER BUCHWALD: I think it would be helpful if the Committee was provided that list.

MR. SPEICHER: We could give you that. And that gives locations of all inter and intrastate transmission lines.

ASSEMBLY MEMBER BUCHWALD: And then more broadly, in terms of my question, there must be larger pipelines that are still subject to State regulation, maybe because they don't travel interstate or otherwise. Is there a difference in terms of how the Commission or utility companies approach gas safety on those pipelines versus say the smaller pipelines that are closer to the end user?

MR. SPEICHER: There are some minor
differences in requirements. There are survey requirements that are more on the higher diameter, higher pressure pipelines; patrolling requirements that are different; leakage survey requirements that are different.

ASSEMBLY MEMBER BUCHWALD: Following up on the Senator's question when he was talking about the public making complaints about gas safety issues. Am I correct in assuming that the Commission itself on occasion receives gas safety complaints from the public?

MR. SPEICHER: That is correct, yes.

ASSEMBLY MEMBER BUCHWALD: So, does the Commission keep statistics on those gas safety complaints that are made to the Commission itself?

MS. ZIBELMAN: The Commission keeps statistics on all our complaints. So we have records on all types of complaints.

ASSEMBLY MEMBER BUCHWALD: Has an analysis been done on what those complaints reveal about gas safety procedures of utility companies?
MS. ZIBELMAN: I don't know if we have specific complaints on that. But we will on occasion get calls from the public that they smell gas and those would be more likely. Our complaints typically fall into areas of the individual relationship with the utility, bill payment, disconnects, those types of things.

ASSEMBLY MEMBER BUCHWALD: I guess part of my question is: Does the Commission for example have procedures in place so that, for example, should there be a marked difference in terms of level of complaints to the Commission regarding gas safety procedures? Maybe people turning to the Commission because they don't feel they're getting responsiveness from the utilities or repairs are taking too long? And if for example the Commission were to notice that was the case with regards to a particular utility company, does the Commission have some sort of procedure in which it's able to identify that fact and maybe take that into account in terms of the oversight that the Commission engages in?

MR. SPEICHER: Any complaint of gas
odors that comes in, our Gas Safety Section investigates and we investigate each and every one of them. As far as the statistics that are kept, I would defer to our Consumer Policy Section on that and so we could get you some of the information on that. But we do investigate each and every call that comes in relating to a gas leak.

MS. ZIBELMAN: And as we indicated, in terms of our normal audit and metric process, we do hold the utilities accountable for repairing leaks and responsiveness, in terms of complaints and issues. So those things are managed, are overseen by the Agency and would be areas where we would impose penalties if utilities don't comply with the existing regulations.

ASSEMBLY MEMBER BUCHWALD: I suppose part of my question goes to understanding that individual complaints are dealt with appropriately. Whether there's some sort of mechanism -- individual or computer-noting patterns that looking at any individual complaint might not reveal? But that more broadly would
help to indicate which for example utilities are responding more appropriately, not leading to people having to turn the Commission? Because obviously I think we all agree that the ideal thing would be for customers to feel that they're getting responsiveness from their own utilities. But wanting to make sure that there isn't a failure to connect the dots and realize that there's sometimes even when dealing with individual circumstances, there's a more comprehensive picture that sometimes is painted by statistics. And since you're the repository of some of those complaints, I think it would be useful to take a look in that regard.

MS. ZIBELMAN: That is a good question. I do know that we will look at the magnitude of complaints, the magnitude of issues with respect to utilities as part of our normal auditing process. If in fact we find that a utility is it seems service is deteriorating in any way, whether it's in terms of responsiveness to complaints or other concerns; that's an area where we will focus and we will expect the
utility to address it.

ASSEMBLY MEMBER BRENNAN: Mr. Buchwald, for yourself and the other Members, let’s be mindful of the fact that we have the five utility industry executives coming and many of the questions and themes that we are exploring will be explored again with the industry itself.

ASSEMBLY MEMBER BUCHWALD: Thank you, Mr. Chairman. Chairwoman Zibelman, in your written testimony it appears that different companies have different safety performance metrics; including situations where some metrics apply to some companies and not to the others.

Can you describe the reasons for that and where in your ideal view it's appropriate and where it would be best for more uniform gas safety standards to be applied? I'm referring I guess it would be page seven of your testimony. At the top it says, for example: "For companies that have this performance metric in their rate cases." And then towards the bottom, last paragraph it says: "Several rate plans now contain performance measures that incorporate findings from the
Department's annual audits of companies regulatory compliance."

And so I've interpreted that as to mean that different metrics on occasion get applied to different companies. And there might be well, legitimate circumstances for that. Obviously, different companies serve different geographic regions. Different companies have different levels of their infrastructure in terms of age and so forth. And I can more than understand that there might be circumstances where different metrics are applied. But if you could shed some light into that, that would be great.

MS. ZIBELMAN: Certainly. I mean, the objective at any time when we apply metrics is is that for any individual utility, based on it idiosyncratic circumstances, which will depend on the area they serve, etc.; that they get to a certain level of excellence or performance. And what the metrics are designated to do is to be specific with respect to that utility. Because if we were to use a generic number, for some utilities that may be impractical and some
utilities it may be too low.

So when we look at any metric, it's really taking a look of: Where the utility is? Where we want to drive them to? And how fast can and should we get there? So that's where you might see differences. But the metric components, the goals such as replacement of pipe, the ones I enumerated would be consistent. Every utility would have that type of metric. It's just that the individual metric may change.

ASSEMBLY MEMBER BUCHWALD: Is there any element to which the metrics that are applied to companies vary based on, for example, when they are up for rate renewal requests and things like that? That is, do certain things get phased in at certain times, simply because that's when the utility is before the Commission; as opposed to, one would think with regards to basic safety concerns? If something is a safety concern at one time for one utility, it might well apply to all utilities.

MS. ZIBELMAN: Right. Well, certainly all our regulations apply to all utilities. So
all the regulatory requirements for safety across the board are not dependent on rate cases. If we add a particular metric number or just like we did in the Con Ed rate case, where we added the information around violations; that would be added because then it becomes a component of what the utility can earn on a rate of return. So it becomes an element of their revenue setting.

ASSEMBLY MEMBER BUCHWALD: And my final question is: There are certain less hazardous leak classifications that apparently don't require repair within certain timeframes. Can you describe what types of leaks don't require repair; so that a basic public understanding of where the threshold is?

MS. ZIBELMAN: Sure. I'll let Kevin handle that.

MR. SPEICHER: It would be a type three leak. And it's based on distance from a building. The leak classifications are all; they're risked-based essentially. And it's the closer to the building, the higher risk. So a type three, we consider a nonhazardous leak. It means it's far
away from the building and the risk of it causing
an incident would be lessened.

ASSEMBLY MEMBER BUCHWALD: And is it the
case that even in those circumstances, that not
having any timeframe for repair is appropriate?
Or one could imagine a different rule that said:
Less hazardous ones, a much longer timeframe; but
at a certain point, they need to be dealt with.

MR. SPEICHER: And that's something
we're having some internal discussion on and is
something I think is a legitimate concern. We do
believe that they are not hazardous. But we're
having discussions about whether or not there
should be a repair timeframe on them.

ASSEMBLY MEMBER BUCHWALD: Thank you.
And thank you, Mr. Chairman and Madam Chair.

ASSEMBLY MEMBER PAULIN: Can I just ask
one follow up to David's question? When you say
to the building, is it to the building or to any
building?

MR. SPEICHER: It's to any building.

ASSEMBLY MEMBER PAULIN: Any building?

MR. SPEICHER: Yes.
ASSEMBLY MEMBER BRENnan: Okay. Members, I'd like to ask the Commission one more question and then let us move on to the utilities. Is that --

ASSEMBLY MEMBER OTIS: Not really.

ASSEMBLY MEMBER BRENnan: Apparently not. Okay. Alright, Mr. Otis?

ASSEMBLY MEMBER OTIS: I have a few questions that are really specific to Public Service Commission, as you are the regulators. In terms of the metrics that you look at, the indicators you look at in evaluating utility companies compliance with how they're moving on infrastructure upgrades; you look at the amount of money they spend -- yes, no?

MS. ZIBELMAN: No. We don't necessarily look at the amount of money they spend. What we're looking at, just in terms of is the speed of replacement is actually our concern. And I want to make sure because I know folks get concerned; the fact that you have pipe that is older doesn't necessarily mean it's a problem. But we do have a program to replace old
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infrastructure. Our issue is as a general component of the revenue requirements: How quickly we can replace how much pipe? And so in that sense, we're looking at the amount of dollars that can be allocated because the concern is the impact on rates as we move forward.

ASSEMBLY MEMBER OTIS: Do you look at the manpower levels of the utilities: the number of people they have and how it's changed over the time, that they devote to gas upgrades; response to calls, that sort of thing?

MS. ZIBELMAN: Indirectly in this sense: Our concern is is to make sure that the utilities stay on track on where they're going. It's their job to manage their companies. And we would expect them to have sufficient people, whether it's internal people or contractors they use to get the work done. If we find that there's a delay in getting things done that we expect to get done, then we will be questioning as to: What is the causes for the delay? It's measuring the outcome, not necessarily measuring the how because that's really their job.
ASSEMBLY MEMBER OTIS: Well, it might in this area and maybe other areas that you oversee utilities, a lot of our utilities have dropped their manpower levels in a variety of areas. And I would suggest that that may be something that you look at more closely in terms of their ability to respond; whether it's these kinds of situations or natural disasters. One of the concerns of people in the area I represent is the ability to have utility staff available to deal things that come up on a timely basis.

MS. ZIBELMAN: If I can respond to that?

ASSEMBLY MEMBER OTIS: Sure.

MS. ZIBELMAN: Actually at the end of 2013, the Commission started a process where we're actually doing a cross-wise utility audit, electric and gas; to look at staffing issues and making sure that we have the right type of staffing levels both internal and contractor staff available to meet the needs going forward. So we actually have an ongoing process that we're initiated, where we'll be conducting an audit to look at best practices around utility hiring and
use of contractor.

ASSEMBLY MEMBER OTIS: Thank you. Back to the old pipes. You have the old pipes. You know where they are, in a sense. You know how many miles of old pipes are under the jurisdiction of each utility? Is that a number that you have?

MS. ZIBELMAN: Yes.

ASSEMBLY MEMBER OTIS: Is there something done by the Public Service Commission and we'll ask the utilities this question later; but in a sense matches prioritization of replacement of all pipes to frequency of leak reports?

MS. ZIBELMAN: I think that's a question that we can delve into in terms of how we prioritize replacement. There's various components that are looked at; certainly, looking at replacing where there seems to be problem. Other areas would be if there's excavation going on for other reasons, that's a good opportunity to get in and replace the pipe. But I think that's something that the utility executives
could talk to you about is how they prioritize getting this work done.

ASSEMBLY MEMBER OTIS: You mentioned earlier penalties and fines. Can the Committees be provided with a list of penalties and fines that were imposed over the last few years, so that we could take a look at those?

MS. ZIBELMAN: Yes. And again, as I said, that recently the Legislature gave the Agency much more authority to levy fines. This is as recent as last year. So that we should see this picture changing over time. I mean, hopefully we don't have to because that's not where we want to be. But certainly, you know, we have greater authority now.

ASSEMBLY MEMBER OTIS: One last question for you. You alluded to something. We all know a lot of this work is done by outside contractors. Are those individuals that work for those companies or are those companies certified, licensed by the Public Service Commission? What kind of oversight do we have in terms of the quality of workmanship that is provided by
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outside people?

MS. ZIBELMAN: Again, I think you should certainly talk to the executives about this. But we would expect that anyone that is touching anything is certified and licensed. And that's something that the utilities absolutely have to oversee to make sure that you have qualified personnel at all times.

ASSEMBLY MEMBER OTIS: Thank you for coming. Thank you, Mr. Chairman.

MR. SPEICHER: If I could add to that? There is a requirement that anybody working on the gas system needs to be operator qualified and needs to be drug and alcohol tested. So we do keep an eye on that and make that procedures are being followed with installation of pipe and with operations and maintenance activities.

ASSEMBLY MEMBER OTIS: Thank you.

ASSEMBLY MEMBER BRENNAN: Thank you. Mr. Kavanagh?

ASSEMBLY MEMBER BRIAN KAVANAGH: Great. And thank you, Mr. Chair. And I'll try to keep this brief and focused on the expertise of these
particular witnesses. But I think there's going
to be a lot of focus on Con Ed today; partly
because and I see my friends from Con Ed in the
audience who'll up momentarily; partly because
several of us are from Con Ed service area and
partly obviously because of some recent
incidents.

As I understand it, Con Ed has roughly
2,200 miles of mains. And you mentioned a moment
ago that the age is not so much the question as
the leak-prone, I think is the term we're using
during this Hearing. And by leak-prone you mean
basically unprotected steel or cast iron or some
other material other than protected steel or
polyethylene; is that right?

MS. ZIBELMAN: That's correct.
MR. SPEICHER: That's correct, yes.
ASSEMBLY MEMBER KAVANAGH: Okay. And
about 60 percent of Con Ed's mains are
unprotected, are leak-prone is the term you're
using?

MR. SPEICHER: I'm looking up that right
now. About 2,200 miles are leak-prone out of I
believe it's right around 4,200.

ASSEMBLY MEMBER KAVANAGH: Okay. And I think that might be including service lines as well as mains.

MR. SPEICHER: The 4,200 miles is mains.

ASSEMBLY MEMBER KAVANAGH: Okay. And as of March in published reports, Con Ed's plan, apparently approved by the Commission, was to replace about 30 miles per year of mains.

MR. SPEICHER: The one that just got under the current rate case, it would be 60 miles in 2014, 65 in 2015 and 70 in 2016.

ASSEMBLY MEMBER KAVANAGH: Okay. And at that rate, it would take about 20 years to replace all of the -- actually, you're saying 4,000 miles?

MR. SPEICHER: Twenty-two hundred need to be replaced.

ASSEMBLY MEMBER KAVANAGH: Twenty-two hundred need to be replaced and you're doing 60 a year. So it's about --

MR. SPEICHER: Thirty.

ASSEMBLY MEMBER KAVANAGH: Thirty years
or so. And looking at the effect of that, we have, again recognizing this is an old system and the people currently running it inherited much old infrastructure; but according to published reports we have the highest rate of leaks of any large system in the United States, in the Con Ed system. Is that correct? How do our rates of leaks compare to other places?

MR. SPEICHER: Con Edison -- that report, it is accurate. Yes.

ASSEMBLY MEMBER KAVANAGH: Okay. And in a rate case in 2012, your staff said there were 695 violations of the State's gas pipeline safety regulations over the preceding three years. The staff of the Public Service Commission characterized that as, quote: "a serious issue that could either directly or indirectly lead to an incident causing serious public harm." So you have 200-some odd violations or your laws a year.

Apparently the system is losing; about two percent of the gas that goes into the system does not come out to customers. That poses obviously a question of where it's going and
whether that's posing a hazard? And also we're increasingly becoming aware of the environmental impact of lost natural gas into the atmosphere. Given all of that, how do you assess that during 60 or 65 or 70 miles a year of replacement is the appropriate number?

MS. ZIBELMAN: One of the things that is looked at in rate cases is the pace of replacement, the cost of replacement, the required capital expenditures and the impact on bills. As we mentioned, one of the things that we're looking at is because of the seriousness and the concerns about violations is looking at penalties associated with violations. Clearly, you know, I think the question of the moment is: Should we be looking at accelerating the replacement? And if we do so, how do we fund it in such a way that is affordable for consumers? So, it's something that we're internally debating, looking at and really thinking through in terms of: Should, can, how should we accelerate this? And how do we manage it going forward?
ASSEMBLY MEMBER KAVANAGH: Has safety been a factor in the past in your assessment of that number?

MS. ZIBELMAN: Certainly safety is always a critical factor. That's one of the things that we're looking at. But again, I want to note that because simply stating that you have old infrastructure doesn't necessarily mean -- translate to a danger. But it's certainly something we want to replace. And then moving forward, we've been accelerating the replacement over time. The question is: Should we do more? How much does it cost? And how do we best fund it, while maintaining affordable rates? So those are all those issues.

ASSEMBLY MEMBER KAVANAGH: Can I just make sure I understand your point? You're saying age does not necessarily translate into danger. Leak-prone doesn't necessarily translate into danger?

MS. ZIBELMAN: It's leak-prone simply means that it can have leaks. It doesn't necessarily mean it's leaking.
ASSEMBLY MEMBER KAVANAGH: It means there's a danger it's going to leak? I don't want to mince words here. But these are cast iron pipes, half of which were put in the ground before 1960. A substantial fraction were put in the ground before 1940. And we have the highest rates of leaks in the country. And we have hundreds of violations every year; a violation almost every day. It's hard to understanding saying it doesn't mean a danger. It poses a danger. It may not be leaking now. But if it's leak-prone, it poses a danger that it's going to leak. Isn't that a fair way of thinking about it?

MS. ZIBELMAN: I think the fair way of thinking about it is this: Is that we have aging infrastructure. It's an old city. We absolutely need to replace this aging infrastructure. The issue becomes: How much can we afford to do in a reasonable fashion? And how do we go about it? We have in the last several years continued to ratchet up the pace of replacing the pipe. It's an area that, as I said, we're looking at again and seeing: What can we do to expedite this? How
much would be cost? And how best can we fund it?

So it's an area of active investigation and inquiry into the Department, to see what we can do more. And it's certainly a matter that we would take up with all the utilities, particularly Con Ed and saying: "We're at a certain pace. How can we increase the pace? What's the best way to go forward?" So, we are looking at it. I agree. We have old infrastructure. We want to replace the infrastructure. We want to do it as fast as possible. A big question is: How do we fund it?

ASSEMBLY MEMBER KAVANAGH: When National Grid acquired Brooklyn Union Gas, the Public Service Commission had to approve that and there was substantial infrastructure work done in preparation for that transaction; is that correct?

MS. ZIBELMAN: I think it's many times in acquisitions, it's one of the things you look at is getting concessions around replacing infrastructure.

ASSEMBLY MEMBER KAVANAGH: Do you know
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how rapidly mains were replaced in preparation
for that acquisition? And did the Public Service
Commission have a role in determining what work
would be done?

MS. ZIBELMAN: It wasn't necessarily --
and I was not here; but I think it might have
been a term of an agreement around: If you're
going to acquire the company, we want you to
increase the infrastructure replacement. We have
the information we can get to you as to where
each of the utilities are in terms of
infrastructure replacement.

ASSEMBLY MEMBER KAVANAGH: Okay. And
just one more question. We've talked a lot about
the technology of the nose, as my colleague
eloquently put it, for detection. Just, there are
other kinds of detection technologies that you
mentioned briefly before. Can you just talk about
what are the options for detection other than
hoping that folks will call 911 in a timely
manner? And are there are other jurisdictions
that are implementing those in ways that we're
not in New York State?
MS. ZIBELMAN: Well, the other detection technologies are certainly the detection technologies of methane detection technologies that the utilities use when they survey. That's one. I'm aware of the fact that there is a technology or a sensor that people are developing to take a look at gas in the home and maybe there are others here who can give you more information on this. It's in testing phase. It's certainly something that we would want to be implemented. I'm not aware of any State but we can check on that for you; that's gone ahead and required it. So we'll look for that and we'll get back to you.

ASSEMBLY MEMBER KAVANAGH: I mean, you could theoretically have a natural gas detector like you have a carbon monoxide detector in your home. Are there system-wide ways of detecting where they might be leaks? Are there ways of testing the integrity of mains while they're in the street without waiting for somebody to smell gas once it's --

MS. ZIBELMAN: There are methane detectors and other detectors.
MR. SPEICHER: There are regular leakage
surveys that need to be done on all pipelines.
Transmission pipelines are annually and other
distribution pipelines are on a schedule that is
generally speaking once every three years
minimum. And in areas where there's cast iron, it
is surveyed during the frost season, so usually
as soon as the frost comes in. And then usually
when the frost leaves the ground, it's surveyed.
Like Con Edison is doing their cast iron
continuously and most utilities are doing cast
iron patrols continuously.

ASSEMBLY MEMBER KAVANAGH: Okay, thank
you. In difference, we're all anxious to hear his
last question.

ASSEMBLY MEMBER BRENNAN: Alright, Mr.
Kavanagh, thank you. Thank you, Chairperson
Zibelman and Mr. Speicher. I appreciate your
testimony and the Committee and its Members of
course are very concerned about this subject. And
we will continue working with you both during the
Session and your tenure and your successors.

MS. ZIBELMAN: Thank you.
ASSEMBLY MEMBER BRENnan: Thank you.

MS. ZIBELMAN: And thank you again for the attention.

ASSEMBLY MEMBER BRENnan: Alright. Our next witnesses are the gas utility industry. Why don't I ask all of you as you sit down or wait until you sit to identify yourselves and your title and ask you to swear to tell the truth. Thank you for coming. Thank you for being patient. I know some of you have traveled from other parts of the State and so I hope you're ready to go. So, Mr. Ivey, would you like to begin?

MR. CRAIG IVEY, PRESIDENT, CONSOLIDATED EDISON: Sure. Good afternoon. I'm Craig Ivey. I'm the President of Con Ed Company of New York and I swear to tell the truth.

ASSEMBLY MEMBER BRENnan: Thank you.

MR. PAUL E. HAERING, VICE PRESIDENT OF ENGINEERING AND SYSTEM OPERATIONS, CENTRAL HUDSON GAS & ELECTRIC CORP.: Yes, good afternoon. I'm Paul Haering. I'm the Vice President of Engineering and System Operations at Central
Hudson and I swear to tell the truth.

ASSEMBLY MEMBER BRENNAN: Would you spell your last name please?

MR. HAERING: Haering -- H-A-E-R-I-N-G.

ASSEMBLY MEMBER BRENNAN: Thank you.

MR. BILL AKLEY, SR. VICE PRESIDENT OF US GAS OPERATIONS, NATIONAL GRID NY: Bill Akley. I am the Senior Vice President of US Gas Operations at National Grid and I swear to tell the truth.

ASSEMBLY MEMBER BRENNAN: Thank you.

MR. MIKE EASTMAN, VICE PRESIDENT OF GAS OPERATIONS RG&E AND NYSEG: Good afternoon. I'm Mike Eastman. I'm Vice President of Gas Operations for New York State Electric & Gas and Rochester Gas & Electric. I swear to tell the truth.

ASSEMBLY MEMBER BRENNAN: Thank you.

MR. JAMES D. RAMSDELL, SENIOR VICE PRESIDENT, NATIONAL FUEL, BUFFALO, NY: I'm Jim Ramsdell from National Fuel in Buffalo, New York. I'm Senior Vice President and I swear to tell the truth.

ASSEMBLY MEMBER BRENNAN: Thank you. Mr.
MR. IVEY: Sure. First, thanks to both Chairs and the Committee for having us here today to talk about this very important topic of natural gas safety and maintenance. All of us at Con Edison are deeply saddened and concerned about the tragedy in East Harlem. We want to get to the bottom of what happened. We must do all we can to prevent the chance of anything like that from happening again. We are working with the National Transportation Safety Board, the NTSB, and other agencies to determine the root causes of the explosion; as well as all the factors that led up to it.

As parties to the ongoing investigation, we cannot comment on any details of the event or on the NTSB's preliminary findings. The investigation includes: an examination of cast iron and newer plastic gas mains, water mains and other material removed from the site. The findings will be shared with us, the Public Service Commission, the City and the public when the investigation is concluded.
In the meantime, we're not waiting for the investigation to be completed. We're taking action now. We have been working with the affected families and businesses to support them during this difficult time. We're also contributing partners to the Mayor's East Harlem Relief Fund.

I want to give you a sense of the scope of our gas system. Con Edison delivers gas to approximately one million customers in Manhattan, parts of Queens, the Bronx and Westchester County. We maintain 88 miles of gas transmission lines and 4,300 miles of distribution gas mains. We also maintain almost 368,000 gas service lines that run from the street to the building. Public safety is the number one driver of our efforts every day. We are determined to delivery energy safely and reliably. And we want to do everything possible to prevent accidents before they occur.

At Con Edison, we have redoubled our efforts to examine our maintenance and leak detection practices. We're also educating the public through a multilingual campaign about the
importance of calling us or 911 right away if they smell gas. I cannot emphasize enough the importance of someone calling 911 right away if they smell gas. If a member of the public smells smoke or sees a car accident or even a crime being committed, they don't think twice about calling 911. We need to get New Yorkers to treat an odor of gas the same way. If you smell gas, act fast. Leave the area and call 911 or your local gas utility immediately.

We've enhanced our gas safety awareness campaign through print, radio and digital outlets. Our Homepage features gas safety messages and we've promoted the multilingual gas safety videos on social media. Currently, we meet or exceed federal and State codes for gas leak inspections. But our engineers have been looking at ways to substantially increase the number of gas leak patrols. We use specifically outfitted vehicles to survey 4,300 miles of gas mains least once a year and more frequently during severe weather as was mentioned earlier. We also survey our gas service lines at least once every three
Today, I'm pleased to announce that we're going to begin a pilot project, combining our gas leak testing equipment and our contact voltage equipment in the same vehicle.

ASSEMBLY MEMBER BRENNAN: This is the stray voltage?

MR. IVEY: Yes, it is. Yes, sir.

Currently, a fleet of vehicles scans our electric delivery systems 12 times per year, checking for contact or stray voltage; thus, the presence of an electric charge sometimes found where it's not supposed to be, like on a streetlight or a manhole cover. During this pilot program, we'll be able to test for gas leaks and contact voltage at the same time. If successful, we will expand this effort to substantially increase the number of gas leak patrols we perform each year. Both of these vehicles are actually across the street on Broadway: the one that detects voltage and the one that detects gas. We're going to try to integrate those and try to multiply the number of surveys we do on an annualized basis.
We're also examining technology that allows us to simultaneously survey both gas mains under the street and gas service lines under the sidewalk. Since the tragedy, we've been holding meetings with the City's emergency officials to determine how we can improve response to gas or to calls and other events involving street infrastructure. We have discussed having the fire department of New York receive more if not all gas odor reports via 911. The fire department is the best equipped to respond to these calls the fastest and to protect people and property. Investigating the source of the leak however, often takes the skills of qualified personnel from the appropriate gas utility. Once a source of the gas odor is pinpointed, the leak can be made safe and repaired.

With respect to the replacement of cast iron and unprotected steel pipes, we nearly doubled our replacement program in recent years. We were planning to replace an average of 65 miles of priority pipe segments in each of the next three years. We also take advantage of
opportunities to replace sections of pipe when
the streets are excavated for other reasons. We
invest approximately $500 million each year on
our gas infrastructure. We will spend an average
of $215 million, approximately 40 percent over
the next three years replacing unprotected steel
and cast iron gas mains.

This job is particularly expense and
time consuming in Manhattan; which has a dense,
complicated underground infrastructure,
consisting of water, telecommunications, gas,
steam and electric facilities. A typical gas main
replacement job in Westchester might take a few
days and cost $500 per foot. The same job in
Manhattan could take a couple of weeks at a cost
of almost $2,000 per foot. We estimate the
overall cost of replacing all cast iron and
unprotected steel mains in our system would run
around $10 billion.

We respond to about 33,000 reports of
gas odors each year. About 24,500 are from inside
homes and businesses. And about 8,500 are from
gas odors on the street. Approximately 40 percent
of these calls turn out not to be natural gas leaks. But we never discourage anyone from making the call and we will always respond.

In 2013, on average we responded to these calls within 22 minutes. When conditions warrant, we send additional personnel and coordinate the response with the fire department. We currently interact with the fire department on about 4,500 of these responses each year. As I mentioned earlier, we will be collaborating with the City on increasing fire department responses to gas emergency calls.

Natural gas is the nation's cleanest burning fossil fuel. And building owners are switching from heavy, dirty fuel oils to natural gas; which is helping all of us breathe easier. Gas has many great benefits. But it has as with all energy sources we use, we must also remain aware of the potential safety risk. We at Con Edison accept our responsibility to provide energy safely. We take it very seriously. It is our duty to protect our customers and also the thousands of our own employees who live in the
committees we serve. We are your neighbors and
keeping us all safe is at the heart of our
mission. Thank you very much.

ASSEMBLY MEMBER BRENnan: Members, we're
going to have each utility company testify first
and then the Members will ask questions. So, feel
free to proceed, whichever of you wants to go
forward. Thank you, Mr. Ivey.

MR. IVEY: Thank you.

MR. AKLEY: Okay. Bill Akley from
National Grid. And I wanted to spend the time,
not to read through my testimony which has been
filed, but to highlight what I believe are some
of the key areas we need to progress and improve
on. Some of the points that were discussed before
I'd like to touch upon as well if I could. But
the public awareness responsibilities and
obligations we have and the need to improve
those, to where we do get more engagement, more
active participation from lots of stakeholders is
something that we are working through the
collaborative with the Public Service Commission.

And I applaud their efforts and push on
this perspective and from all the regulations we have to comply with, both federal, State and local; all the companies operate in the mode of that is the bare minimum threshold that we work with. And you'll see that many companies do exceed lots of those requirements, based on the unique conditions they're in, the environment, the location and the nature of their infrastructure's performance. So, our procedures our unique in a lot of ways but they are all unique in going beyond compliance.

From the public awareness perspective, we have federal laws that require us to file a program to inform consumers and the public about what to do if they do smell natural gas. And to the point made by Con Edison, we respond in New York State to about 100,000 emergencies a year, as National Grid. Many of those leaks are leaks inside of a customer's or business' premise. And our employees are trained to remediate those issues as well. So it is a broader perspective and why we need to make sure that we are touching all the stakeholders in embarking on improvements
around that. And that's one aspect of many aspects we need to work on.

Technology is the second point. NYSEARCH serves as a collaborative for all of the companies, which brings together everyone to leverage the benefit of our financials so we can all be working towards certain technologies. We're actively working on technologies in all these areas, including odor masking, analysis done about customers' response, methane detectors. All kinds of technologies allowing us to repair our aged leak-prone infrastructure without having to replace it; so we can obviously mitigate the expense and desire to get kind of the risk eliminated in an accelerated fashion to leak detection technologies out there.

And the leverage in NYSEARCH and that is a collaborative not only that brings together New York companies and the Public Service Commission; it brings together the world. We are not unaware of any technology that exists in the world around natural gas. A lot of these are proven and ready for us to deploy and it's my second area where we
need to advance. There's no doubt that there are things out there that can improve our performance on a public safety perspective.

And the third item is obviously the long haul here on replacing the aged infrastructure and you've heard a lot of the challenges. And I do applaud the Mayor's recent announcement about some things to help facilitate and approve. We go through -- each of the companies go through lots of work to understand which pipe to pick and how to optimize that investment year over year. To the points made, every company has been accelerating this replacement program and investing more and more.

And I applaud PSC again for one of the few, to tell you the truth, that we deal with in the US that have actually been very supportive and very much pushing us to continue to expand our accelerated pipe replacement programs. We will spend $1.2 billion in New York State and still feel we need to do more. And we'll continue to push that to a further point based on the aged of our infrastructure and need to do more
restoration and work associated with leak-prone pipe, cast iron, unprotected steel.

Damage prevention is a good aspect of where we need to enhance and improve. The Public Service Commission holds us accountable. Not only for where we may not follow all the regulations and obligations of being the operator of that infrastructure. But if a third party does not comply with the law, we are also held accountable. And that's the right thing. Because we need to be invested in educating, communicating to those excavators and municipalities that are giving them contracts to do work, the permitting agencies. Everything we need to do and every aspect of that, we need to be engaged in and approve on.

National Grid suffers about 850 damages to our infrastructure every year in New York State. The wrong damage at the wrong place at the wrong time is a disaster. So, we need to do everything possible to eliminate the amount of damage to our infrastructure. So I just wanted to tee those up and obviously we'll be open to
answer any and all questions from the panel once we get to that point.

ASSEMBLY MEMBER BRENAN: Thank you.

MR. AKLEY: You're welcome.

MR. EASTMAN: Good afternoon. Thank you for the opportunity to comment on this important topic. I'm Mike Eastman, Vice President of Gas Operations for New York State Electric & Gas and Rochester Gas & Electric; both subsidiaries of the Iberdrola USA, where our top priority is to provide safe, reliable service. We take this responsibility very seriously, as is evident in the many initiatives we execute every day.

NYSEG serves approximately 263,000 natural gas customers in 33 upstate counties. And RG& serves approximately 307,000 natural gas customers in nine upstate counties. In total, we have approximately 9,600 miles of natural gas mains and 7,800 miles of service laterals.

As you are aware, there are many safety rules and regulations that natural gas utilities are required to adhere to. Among them: Federal Rule 49CFR Part 192, New York State 16, NYCRR
Part 255 and Part 261, RP1162; and each company's operations and maintenance procedures that are approved the Department of Public Service's Gas Safety staff. Each company in New York also has comprehensive construction standards manuals, gas emergency plans, distribution and integrity management plans, integrity management plans, and operator qualification training requirements.

In addition, natural gas utilities, as has been discussed, have rate case gas safety performance measures that address emergency response time, leak repairs, third party damage, and annual main and service replacement programs. The operations and maintenance procedures are very prescriptive and dictate odorization levels, leak survey frequencies, corrosion control surveys, piping and equipment inspections, maintenance and leak repair guidelines; along with municipal safety communication requirements, outreach messages and emergency safety drills.

Even with all of the New York State and federal rules and regulations, we believe there continues to be room for improvement in natural
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gas safety. Some suggested areas of focus include: Number one, communications and education regarding odor reporting and the benefits and potential dangers of natural gas. Number two, third party damage reduction. Number three, infrastructure replacement programs. Number four, leak detection and repair. Number five, sharing best practices. Number six, increased use of new technologies in business processes.

Although all six of these topics are important and are fully discussed in my written testimony, in the interest of time please let me discuss just three topics in a little more detail.

Number one: communications, odor reporting. NYSEG and RG&E respond to approximately 15,000 odor calls annually. Approximately 20 percent of the odor calls are outside on utility piping; 80 percent of the calls are inside on customers' piping. We are currently continuing to do our best to make sure our customers and the general public know how important it is to call whenever they suspect a
natural gas leak; and that we will respond to ensure they're safe and to take immediate corrective action.

Number two: third party damage. This continues to be the leading cause of natural gas incidents and is an issue that may be addressed in part by amending current law. NYSEG and RG&E experience approximately 200 dig-ins each year that result in damage to our facilities and blowing natural gas. An opportunity to reduce third party damage would be to simplify the process to penalize excavators that violate the law and to aggressively seek such penalties for violations. NYSEG and RG&E also support increased funding for utilities for patrol vehicles and for the State to add staff to enforce fines on excavation violators.

Number three: infrastructure replacement. We could enhance safety by accelerating the replacement of at-risk infrastructure if additional funds were made available through rate cases and/or other mechanisms.
To recap, by working together utilities, regulators, government, industry trade groups, customers and the general public; opportunity exists to continue to improve natural gas safety programs. I hope you find this information of value. We look forward to continuing to work with you on the issue of natural gas safety. Thank you.

MR. HAERING: Chair Brennan, Chair Paulin, Members of the Assembly and Senate, for purposes of trying to be brief, I'll just try to provide some remarks to not be redundant to some of the other members of the panel. So my name is Paul Haering. I am the Vice President of Engineering at Central Hudson Gas & Electric.

With regard to the infrastructure issues, I think we've talked about technology. And one of the areas I think that we have opportunity is in technology and Mr. Akley mentioned that as well. We have used a comprehensive GIS system of our gas infrastructure and a software program that has allowed us to prioritize the replacement of this
aging infrastructure. Because I think we need to understand that it's going to take some time but what we want to do is make sure we are prudent.

ASSEMBLY MEMBER BRENNAN: How do those systems enable you to do that?

MR. HAERING: So, let me mention to you what we do. So, we have all the criteria that we need regarding pipe diameter, the type of material, leak history on sections of pipe, information relative to soil conditions. All that information is built into the model and develops a risk portfolio for the pipe and then will tell us what is the most optimal locations to select for replacement. And we can build in other factors. There could be things related to flood-prone areas because of incidents that have occurred, that allow us to now take that information and use that to accelerate and identify areas of pipe replacement that may otherwise have gone unrecognized.

So that is a area I think that a lot of the companies are using. And I think is important for the Committee to understand that again, we
just don't go haphazardly out and replacing this pipe. There's a lot of forethought, a lot of information that's used to again remove the most riskiest pipe on the systems.

In addition, we were able to use this Geographic Information System to identify where this pipe is and therefore tailor our maintenance practices. So for instance, these leaks surveys that the PSC had mentioned have to be on a minimum of a three-year cycle; these risky pipe areas are being done more frequently. We're doing them on an annual cycle because we recognize the value of going and surveying these pieces of the system on a more frequent basis.

The other point is on technology. We have through NYSEARCH, that Mr. Akley mentioned, developed inspection techniques using robotic inspection on pipes that had never been able to be inspected internally. And we're using this technology on portions of our transmission system. Ultimately, it could be utilized on the distribution system. And what we have identified has been concerning because it's areas where we
thought the system was in good.

And the reality is we're finding damages that have been caused by third parties. And it goes back to the concerns that we have relative to the public and making sure the public is aware and calling 811 and notifying the utilities before they do excavation work. Because if it's just dug up and buried, there's a risk that those locations could potentially create an incident and again, even with the best technologies that we have with surveillance, could go undetected. And I think that's something that again we are working on those but it's costly. But we recognize it's important for a prudence for providing safe and reliable service. Thank you.

MR. RAMSDELL: I'd like to thank you, Assemblyman Brenna, Assemblywoman Paulin for inviting us here today. In the interest of saving time, I have also prepared a short summary. At National Fuel, safety is our highest priority. We're experienced enough to know that we can't be complacent at any time. And we also recognize there's always room in whatever we do for
improvement. That's why we work so hard to establish safety excellence within our company in continuous improvement in all aspects of safety.

In each of the last five years, we've replaced on average 82 miles of bare steel, cast iron or wrought iron pipeline, together with annually 4,500 bare steel service lines. Beginning this year, we are accelerating the pipeline replacement program to 95 miles per year. We're also undertaking enhanced efforts to locate at-risk facilities, better locate and repair more leaks, and further educate the public about identifying and reporting gas odors should leaks occur.

I describe more of the company's enhanced efforts in my submitted testimony but the theme is the same as my colleagues. We're dedicated to protecting the safety of our customers, the employees and the communities we serve and our dedication is reflected in our actions. Thank you very much.

ASSEMBLY MEMBER BRENnan: Thank you, all of you. Mr. Ivey, yes?
MR. IVEY: Mr. Chairman, with your permission, there was a question about public awareness in different pieces. I'd like to share with the Committee Members at least one piece that Con Edison uses. We affectionately call it: scratch and sniff.

ASSEMBLY MEMBER BREENNAN: Scratch and sniff, yes.

MR. IVEY: It's an example of what we do to educate the public about gas.

ASSEMBLY MEMBER BREENNAN: Are we supposed to do this right now?

MR. IVEY: It's up to you, Mr. Chairman.

ASSEMBLY MEMBER BREENNAN: Go on.

MR. IVEY: I just wanted to note that.

ASSEMBLY MEMBER BREENNAN: Okay. Know the smell of natural gas. It's rotten eggs, right?

MR. IVEY: Right. And this happens to be a bilingual piece in this instance.

ASSEMBLY MEMBER BREENNAN: Yes, I see.

Thank you. Alright, I want to thank all of you for your testimony and I'm going to ask a general question, to which any of you are welcome to
respond. This has to do with the fact that so many entities open the streets to excavate, replace, repair; so many cable, phone, your own division's gas, electric, steam are all opening the streets. The municipalities are opening the streets.

In terms of the replacement and repair of the leak-prone systems, you know, the Public Service Commission doesn't have the authority to order the municipalities to coordinate with the utilities. But the Legislature would have that capacity. And this is a complicated subject. It involves costs and sharing and bidding together and scheduling work. But would your industry be capable of further accelerating the replacement of the aging infrastructure if you and the municipality opened the streets together? If the water and sewer system is new pipe or new replacement of water and sewer is going on and you are there simultaneously; would this enable the industry to accelerate its replacement of systems?

MR. IVEY: Let me start since I suspect
that we probably have the most complex
environment in which to operate. I believe the
answer to your question is yes. In fact, we're
working with New York City to do exactly that.
You think about the DEP that runs the water
system in New York.

    ASSEMBLY MEMBER BRENNAN: Yeah, the
    water system is immense.

    MR. IVEY: If we could coordinate with
    them. As you think about mapping infrastructure
    and excavating in order to replace
    infrastructure, those are exactly the sorts of
    conversations that we're having with New York
    City. We do think there's value in tighter
    coordination between the utilities. In fact, in
    our case we already have three utilities in the
    ground in Manhattan. So, I think that would be an
    opportunity to be more efficient in terms of; in
    fact, when it comes to public improvement work in
    Manhattan specifically, many of you are maybe
    familiar with the water tunnel project.

    ASSEMBLY MEMBER BRENNAN: Yes.

    MR. IVEY: Those projects are managed in
a very coordinated fashion. The City manages those projects. And we'll have City contractors actually move our facilities. It's a very efficient way to move all infrastructure, deal with all infrastructure simultaneous. So, I think that could work.

ASSEMBLY MEMBER BRENNAN: Yeah. The Committee is exploring this matter with the City of New York over the past few weeks. And do any of you other gentlemen have comments in relation to this particular concern?

MR. AKLEY: No, I think we second the perspective from Con Edison. I think it is absolutely worth pursuing. It provides not only the value of the coordinated effort but it also allows us to get more work done more cost effectively if you have that work being done all in concert. It costs us probably more in some jurisdictions to restore a trench as it does to put the pipe in the ground. So anything that facilitates that coordinated effort where a street is going to be restored anyway, it also allows us to get work done more effectively.
The only note I'll make on resources is the points you've heard. There are significant requirements about what it takes to have resources to do this work and do this work in a qualified manner. It needs to be staged in some regard. But we do a lot, especially in New York City; there is great coordination with public work initiatives that do make sure that we take advantage of. And a lot of accelerated pipe replacement happens both proactively and reactively. So we do make sure that a lot of that capital being spent is affording the opportunity when a street is being worked on. And once we get the proper notification and we have leak-prone facilities in that area, it's our goal to get it out of the ground at that same time.

ASSEMBLY MEMBER BRENNAN: Let me ask you this. Telephone and cable, same issue? The different utilities are within depths in the street. And I'm not sure which one is which. But is coordination with telephone and cable also possible room for improvement in the replacement of systems? Or are they on different levels and
so it doesn't matter or does it matter? I don't know the answer. That's why I'm asking you.

MR. IVEY: I'm not familiar with their systems. But I've got to believe in terms of those public improvement projects, they are involved and we coordinate with them on those projects. So I got to believe that it would also extend to them as well. But I just don't know their systems that well.

ASSEMBLY MEMBER BRENNAN: Okay. Alright. Let me ask you. There's been a lot of discussion about public education and there is an ongoing collaborative in the industry, looking at this issue in terms of strengthening public education about reporting gas. And when you look at these incidents, when you see the investigations that come out of the different -- the NYSEG Horse Head's incident. There was an investigation and you looked at the records of the Sheriff's department and it turned out that interviews had shown four or five people had known about or had smelled gas and not bothered to report it. This appears to be a constant refrain in the incidents
that occur, the explosions. People smell gas and
don't do anything.

And so are you beginning to think
through where you can go? I mean, I know scratch
and sniff is good. Odorization is good. I never
knew that in addition to smelling gas and
reporting it, you should also leave the premises.
I don't know how many people in the public even
know that they should be leaving the premises.
So, I don't know if you have any further comments
about public education in this regard?

MR. AKLEY: Yeah, Chair, I agree. I
think the Public Service Commission also
mentioned that this is an area that we need to
focus on. There seems to be some commonality with
these events relative to this concern. I think
the collaborative is a really good though first
start. There is a significant framework of
obligations that we're under with regard to
public awareness that is at the federal level.
And Mr. Speicher had mentioned about the audits
that are done by the Public Service Commission.
We meet those and they're very stringent. We
exceed those in many cases. But again, there's more to do.

And I think working through the collaborative, through the Northeast Gas Association, which is not just the New York State utilities -- it brings in a broader group of stakeholders throughout the country; will help us to get the best practices. And again, this is not something that is unique to New York alone. I think this is something that is industry-wide and ultimately we all benefit from the best information and best thing out there.

ASSEMBLY MEMBER BRENNAN: One more question and then I'll allow the other Members to ask questions. High percentages of people are now paying their bills online. So, you know, they're not getting inserts. You're not mailing them material. They won't get this in the mail.

MR. IVEY: At Con Edison they will. We changed that last year. So that we have a number of E-bill customers. So we made sure they also get --

ASSEMBLY MEMBER BRENNAN: So the E-bill
customers will --

MR. IVEY: They get it also, yes.

ASSEMBLY MEMBER BRENnan: Okay. Alright.

And the other gentlemen, your utilities, you're going to mail the odorization flyer or I don't know how you would call it, but to the E-bill customers?

MR. AKLEY: Yes.

ASSEMBLY MEMBER BRENnan: Okay.

MR. AKLEY: I just would say this is a space where you really have to step back and challenge yourself about what really works well and how do you integrate communication channels because one is not doing it. So, you got social media. You got mails. You got phone calls. It has to be constant. It has to integrated. So, it's a challenge. And I think the collaborative is going to force us to push the envelope on really what is working today and what needs to be done. Because we clearly could do more in space.

ASSEMBLY MEMBER BRENnan: Mr. Ivey, yes?

MR. IVEY: Thanks. I think clearly we can do more on public awareness. And you know,
we're attempting to do that more multilingual communications. I think the other thing, let's presume we were where we needed to be and I'm not suggesting we are on public awareness. I think we should also look at: Are there barriers to reporting? If I know the smell of gas, I know it's potentially a hazard; are there other barriers to reporting?

One of the things that we've signaled, that you can report it anonymously; so people wouldn't have concerns about reporting. We've had focus groups and people seem to understand the odor of gas and the need to report. But there may be other barriers, like in our case, if there's a leak inside the building. We're going to make that condition safe. The fire department would make that condition safe until it's repaired, inspected. You have an integrity test. Then you re-gas the building. So, I think we also should; again, obviously more to do on public awareness. But we should also think about: Are there potential barriers to reporting?

ASSEMBLY MEMBER BRENNAN: Ms. Paulin?
ASSEMBLY MEMBER PAULIN: Thank you. So first I want to understand the nature of or where the problem is. If we agree that the 11,000 miles of leak-prone pipes are the most significant places that we should be paying attention to; 2,200 is in Con Ed's catchment area. I assume quite a lot of it must be in National Grid but I'm just asking: Where are the other 11,000?

MR. AKLEY: So, National Grid has 6,200 miles of it across the service territories of Long Island, New York City --

ASSEMBLY MEMBER PAULIN: Sixty-two hundred?

MR. AKLEY: Yes.

ASSEMBLY MEMBER PAULIN: And how many miles do you have altogether? So that I can just put that into perspective.

MR. AKLEY: In New York State, 21,000.

ASSEMBLY MEMBER PAULIN: So, 21,000. So 6,200 and 2,200 is 8,400. So there isn't that much left among the others. But just curious where that might be?

MR. RAMSDELL: National Fuel has about
2,000 miles of bare steel.

ASSEMBLY MEMBER PAULIN: National Fuel.

And where are you exactly?

MR. RAMSDELL: We're in the northwestern part of the State, headquartered in Buffalo. And we have only 100 miles of cast iron remaining in our system. We did ten miles last year. Our intent is to do ten miles a year. So within ten years, the cast iron will all be replaced. But again, my testimony shows that we're increasing the replacement of that. We've been doing roughly 80 or 82 miles a year the last five years of the bare steel. We're increasing that to 95 miles. So, we are increasing the replacement of those pipes. And the service lines, we're pretty much at 80 percent of all of our service lines are either plastic or cathodically protected steel. So I think we have like 55,000 bare steel services remaining in our system.

ASSEMBLY MEMBER PAULIN: So, I mean, we're talking maybe 600 miles left. I assume they're dispersed among the others. But it seems to me that the greatest need for public education
regarding gas leaks remains within three of you, right? Or three companies because that's significantly where you're going to likely see the most; potentially it's where the highest risk is as evidenced by my colleague far to the right over here, his comments. That's potentially where the risk is.

And I understand, I'm thinking, you know, I get home. I open my mail and I usually go like this as quick as I can in the garbage of anything that I -- and I frankly probably would be throwing this away. And I would venture to say most people opening their mail, coming home from work, we're going to throw something like this away. Just because it looks like a little flyer. So, the majority of the people that I know and work with would not be educated from something that comes in direct mail. I know that even as an elected official, it's whoever opens the mail at the moment. You try to make it as big and glossy and pretty as you can. People read the first three words and they throw it in the garbage. So it's not the way that we; you know, we try to use
many, many different ways of communicating with people just to get the same message over and over and over again.

So, yes, social media is good. Direct mail's good. But to engage people and I would think National Grid, with the exception of Brooklyn and I don't know how Brooklyn's organized even though I grew up there, any more but --

ASSEMBLY MEMBER BRENNAN: We no longer leave immediately in Brooklyn.

ASSEMBLY MEMBER PAULIN: There needs to be some other mechanisms. And I go back to my suggestion before. Perhaps involving neighborhood associations. We've heard in Manhattan, churches, community boards. Certainly in Westchester and on Long Island, I would argue you have the municipalities, school districts. Has any thought been given by anybody to start broadening the way that we actually try to reach people, particularly in the areas that are significantly at risk?

MR. AKLEY: I would say this is all
about engagement. It is and I think we're trying
to point to the fact that the mailings and some
of the programs, foundations today are not
adequate. The law specifically has us address
multiple stakeholders. So it does look at it from
all these different layers that you're
referencing. So from schools, to community
leaders, to first responders; there's all
different stakeholders here that many of them may
need unique types of engagement; education
programs, dialogue. It's a lot more than mailing
for sure.

And I just want to go back to the leak-
prone versus non-leak prone areas. Remember, we
are responding to lots of leaks that are
downstream of the meter, I think as referenced
from the data you heard from Con Ed. So we don't
want to never, ever, ever try to prioritize
because a lot of leaks could be -- our system is
brand new; the issue is equipment issues or
piping inside the house. We respond to those. We
take care of them. Make them safe. So, yes, leak-
prone, as far as what's going on in the street,
yes, we have to get the leak-prone pipe. That's what's driving our work. But our emergency response is holistically; it's touching all aspects of the infrastructure. But I think it's all about engagement. So I think we're a hundred percent aligned.

ASSEMBLY MEMBER PAULIN: So what has been -- what are the most common typical community outreach programs that you might each have? Like what are you doing now?

MR. AKLEY: Such as E-learning program for first responders. That is giving them a lot of information about the nature of what happens and how to respond and how to coordinate with us. We are in the schools actively; not only through a proactive program but anything else. We just took advantage of AGA's video they did for school children and are deploying that to the schools that we work with. So there's a lot of activity. I'm just saying we're not doing enough.

ASSEMBLY MEMBER PAULIN: Are there language accommodations made?

MR. AKLEY: Absolutely.
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ASSEMBLY MEMBER PAULIN: You have certainly large areas -- I'm most familiar with Brooklyn; that might have some language barrier issues, aside from Spanish. I mean, you have Russian.

MR. AKLEY: Yes, exactly.

ASSEMBLY MEMBER PAULIN: Right. And what about in Con Edison's catchment area? Are you similarly engaging the community, the schools?

MR. IVEY: Absolutely. We engage in a very similar fashion. In fact, we just recorded videos in Korean, Chinese, Russian, Spanish; with our own employees, to try to raise awareness.

ASSEMBLY MEMBER PAULIN: So where do those videos go? I mean, I live in Con Edison's catchment area and frankly, I don't feel very engaged.

MR. IVEY: Social media is one of the ways we do that; through blast E-mails is another way. But again, we're even considering, given your point about scratch and sniff; thinking about organizations that engage customers more directly and going door to door. So, we're open
to any and all ideas that help raise awareness so that we can get the call; so that we can get the opportunity to respond.

ASSEMBLY MEMBER PAULIN: And how many of the gas leaks, you know, ranging in all classifications; how many of the gas leaks are usually typically revealed through that community outreach? Somebody calling versus your patrolling and surveying?

MR. IVEY: So, as you recall from my direct testimony, 33,000 or so responses on an annualized basis to reports of gas or to calls. Some of those are not found to be gas leaks. But about 48 percent of those come from the public today. The balance come from our detection activities.

ASSEMBLY MEMBER PAULIN: And just to understand better the detection. You I'm assuming contract out some of the detection? Or is it all in-house?

MR. IVEY: It's all in-house.

ASSEMBLY MEMBER PAULIN: It's all in-house.
MR. IVEY: As I said earlier, one of the vehicles is actually out front. It's sort of a full-size van. It has three plunger -- four plunger-like devices on the front that hang from the bumper that are just above the street level. They drive through the street and detect gas and it would alert a detector that's in the vehicle. They would stop and really find the migration pattern of the leak. If it's a hazardous leak, they call other resources to respond to the leak immediately.

ASSEMBLY MEMBER PAULIN: And the 4,300 main pipes that you survey in addition to the 88 miles I guess from your testimony of transmission lines; are they surveyed once a year? Are they surveyed three times a year? I'm just thinking of my experience driving into Manhattan. It takes me 20 minutes to get to midtown on the West Side Highway and then three hours to get across town. So, getting through the streets -- Brooklyn, Manhattan; it's all similar traffic lights. It takes a lot of time. So how often are those 4,300 miles surveyed in a given --
MR. IVEY: First, we're out there every day. We do this every day. The 4,300 miles of mains every year.

ASSEMBLY MEMBER PAULIN: So one time, once a year --

MR. IVEY: At least once a year.

ASSEMBLY MEMBER PAULIN: At least once a year.

MR. IVEY: At least once a year. Given the harsh weather and the concerns about, I think Mr. Speicher with the Public Service Commission raised, about the freeze/thaw cycle; we will do a special survey of cast iron areas to try to detect a break. So we did two of those. Obviously we had a very harsh winter. We did two of those, that were unique surveys based on weather conditions. So mains, once a year. We could do more, depending on weather conditions. Services, at least every three years. Transmission lines, three times a year. We also do physical patrols of transmission lines, either daily or weekly in the City.

ASSEMBLY MEMBER PAULIN: Is that because
of the requirements to do so? Or is that because of the nature of the pipe itself?

MR. IVEY: In many of those cases, we're beyond the code requirements. It's the nature of the City, the dense urban environment and the amount of activity.

ASSEMBLY MEMBER PAULIN: Are they particularly more at risk -- transmission lines, that they such more attention?

MR. IVEY: Obviously, we have a dense urban environment. We have a transmission facility. We want to make sure, as an example, that there's not someone digging near that transmission facility. If there's someone who's going to be digging within 15-feet of that transmission facility, we will stay on scene the entire time as a risk mitigator because the consequences in this environment are very severe.

ASSEMBLY MEMBER PAULIN: And clearly, there are other ways to mitigate a class 1 or class 2 pipe besides replacing it, right? You can vent it. Is that more common, you know, to use those other maybe less expensive and easier
MR. IVEY: It's more likely to be a temporary repair in those instances that might lead to a replacement of the pipe at some point in the future.

ASSEMBLY MEMBER PAULIN: It seems to me -- I was doing the calculations; at 65 for Con Edison, it's repairing 65 miles when you have 2,200 of old pipes is about three percent. Which means it's going to take 33 years to replace, which it just seems like an extraordinary amount of time. So, I recognize that it's $10 billion. That's a lot of money that we would be transferring onto rate payers. Has any thought or any conversations been given to financing it differently? Figuring it out? It just seems an awfully long time.

MR. IVEY: Yes, I understand. If you look back over the last three years, we're doing a rate of about 50 miles a year. We expect to do 65 miles a year over the next three years. And frankly, we're open; we're very open to
accelerating the replacement even further.

Obviously, given the $10 billion cost, we need to work with other stakeholders in New York City and Westchester County. Chair Zibelman mentioned this earlier, being open to this. Obviously, they are a stakeholder in this consensus building around this. But we're very open to accelerating further the main replacement program. As has been noted earlier, we take a risk-based approach to that.

So when we do 65 miles, we look at it on a risk basis. So those are the pipes that we're replacing.

ASSEMBLY MEMBER PAULIN: And my colleague was saying before about the nearly 700 violations. I just wondered if you can talk a little about what they are typically and what Con Edison is doing to make sure that we don't see those numbers.

MR. IVEY: Sure. And please don't take anything I say to minimize any violations because we take all of those very, very seriously. Those 700 violations were over the span of three years. Keep in mind we do hundreds of thousands of
inspections on an annualized basis, hundreds of thousands. So, you can imagine that we're doing one to 200,000 inspections a year over three years. We're doing lots of inspections. So the 700 is out of a very large number. As an example, one of the violations; if our specifications says: You change your pressure chart every 30 days. If we get there on day 31, that's a violation. And so all those violations are not necessarily created equal.

The other thing we do and I mentioned earlier, if we're doing a leak survey and we find a type one leak; we'll do samples in the ground. We'll do what we call test points to check for the concentration of gas. So we might make a temporary repair to mitigate the leak in the short-term, to come back later to do a permanent repair. So we'll survey that area every day to make sure it doesn't become a risk. If we miss a point on that inspection; let's say we had ten points on day one and when we checked, nine points on day two. That's a violation.

So, I don't want this to be overstated.
But we're going to react to this because we have a quality assurance group. I'm going to add five additional inspectors to make sure we're going in and looking at all the work that we do, all the tasks that we do and make sure that over time we're perfect. And if we're not, the PSC has put in place penalties that we will endure if we don't meet the standards on this.

ASSEMBLY MEMBER PAULIN: You said that the 700 were over a three-year period. At least did it go down? Or was it equal over the three years? Is there some sign that there's improvement? Look, I don't know as a layman whether inspecting nine or ten is a significant risk. I don't know. It sounds like it might not be from your point of view. But clearly, it's warranting a violation. So, it would just be nice to know that the numbers are heading in the right direction.

MR. IVEY: I don't remember the train looking backwards. But I will tell you that if we don't hit benchmarks of lower numbers going forward, there will be penalties. And I don't
like penalties and I don't like the perception of that we have violations. We want to make sure we're completely compliant. So we're going to put the additional keyway forces in place. And I don't anticipate missing those benchmarks.

ASSEMBLY MEMBER PAULIN: Just a general question for everyone. I mentioned before when the Department was testifying about the Massachusetts pending law to allow people to know where there might be gas leaks as an educational tool for them to perhaps be more aware of what's in their environment. So they might not throw this away or they might pay attention to whatever other mechanisms you're using in a different way. It'll alert them. When you're making anything transparent, there's always a concern that the public isn't going to know what to do with it.

In government we hear that all the time. When we want local governments or even ourselves to divulge information: Oh, the public is going to think we're all stupid or they're going to not be able to do this or that. And that's just never been my experience. Transparency in my view is
always a tool that proves helpful. And I just wondered, you obviously are wondering that and thinking about it because it's been out there; wondered what you were thinking?

MR. RAMSDELL: I can say that we've been directly involved with our -- we have a big operation out of Massachusetts. We serve Boston. So, we've been part of this entire process, legislative process; that hopefully is about to enact what we feel is one of the most significant improvements to public safety through legislation. A big chunk of that is accelerating leak-prone pipe replacement and giving us more venue. I would say a unique difference in Massachusetts is we had resistance around some of those efforts and legislation was required. Unlike New York, where New York has been supportive around accelerated pipe replacement and the efforts around public awareness.

But to your point, there was much debate around making some of that information very public. Most of the legislation will point to the enhanced information being available to the DPU,
the Mass DPU in Massachusetts. For the points that we're raising, it's about transparency. It's about holding us accountable. And it also is turning around our replacement program so that we are filing formal programs, going through a dialogue with the regulator about how we're prioritizing, the type of pipes we're replacing with the overlay of this information.

So most of the information is really around sharing it with the regulator of Massachusetts. But it does also allow the ability for it to be made available to public officials and others. And to your point, I think we rested on the side of what -- it's not pretty but it is something that puts everybody on the same page. And it holds everybody accountable. So I think your points are right on the money. And I think that what we'll see as a result of that will be improvements. I'm sure we'll take a couple hits along the way. But I think it'll push the industry in the right way.

ASSEMBLY MEMBER PAULIN: Well, I come back to something I remember the Commissioner
saying and that was: When you shed light, you're pointing at it. You tend to focus and do something about it. So, well, thank you and I'll let the rest of my colleagues ask questions.

ASSEMBLY MEMBER BRENNAN: Mr. Rodriguez?

ASSEMBLY MEMBER RODRIGUEZ: Sure. Along the discussion around prioritization and mapping and this one's particularly for Mr. Ivey, who hasn't responded to that. That's clearly a direction that we are looking at seeing made available certainly to PSC and to others. And from our perspective, while we're not commenting on what happened specific to the incidents on March 12th; but that doesn't mean we don't have another gas leak that's occurring in our community, which is currently happening. Which leads us to the question about high risk and prioritization.

And that's information that's available to Con Ed and of course the other system operators who I assume are prioritizing in their own way -- leak-prone, cast iron changes. But if you can just comment on that? And how if we're
looking at large-scale replacement along the years of 30 years and talking about accelerating it; how do we, either the regulator who doesn't have that information right now and that's clear; but taking it a step further, consumers and other oversight agencies kind of know what's happening?

MR. IVEY: Yeah, so to make sure I'm answering your question. We take a risk-based approach. We look at many factors. We look at the pipe diameter. We look at the level of pressure on the pipe. We look at the leak history. So if we find a leak on a segment of pipe, it gets recorded on our risk-based model so that we know what the history of that segment of pipe, which would naturally potentially move it up the priority list. We look at proximity to buildings because obviously proximity to buildings, concentration of gas increases the risk; the type of material, soil conditions. And we look at age as well. We look at all those factors that go into our risk-based model to really prioritize which pipe gets picked first, second, third and so on and so forth. That's the process that we go
that's helpful, certainly for us as lay people to know and understand that process. I mean, I would suspect that we're probably in that high risk assessment, probably being analyzed on an annual basis. But that's a presumption that we haven't been able to get confirmed by the PSC through their reports. And it's certainly something that we think is going to be helpful moving forward and is certainly part of the purpose of the Hearing and the purpose of the legislation I've introduced.

Along those lines, the other thing that has come out and I just wanted to speak a little bit about gas safety and the technology around that. You mentioned that 40 percent don't have issues that are related to gas leaks; which leaves that 60 percent do have some issues. And approximately of the ones that issues are found, half of those are determined by people and presumably the other half is by survey mechanisms. And I applaud the folks from National
Grid because I didn't hear a robust discussion from PSC about what technologies they're looking at and/or requiring you to be looking at in terms of the technology that is potentially out there.

Thank you for including that in your testimony, just to share it with other folks. And you're developing an integrated leak management system, robotics that are running through the pipes, pipeline lining solutions. I mean, that's what I think people who are laypeople and consumers want to understand; that we're leveraging technology as much as possible, where people to supplement what we've talked about in terms of consumer education.

Now from the industry perspective, do you meet collaboratively? Is there a committee or something amongst the gas providers, talking about technologies? Does PSC require you to report something to them? Are they asking the questions about: What's been integrated inter-systems and responses? Because if not, I think that's something that we should be asking them and requiring them to do.
MR. AKLEY: I'll just say that all the member companies are in the same NYSEARCH consortium, which is off the Northeast Gas Association. And Central Hudson actually referenced some of the robotics in their testimony as well. We are all at the same table, all assessing the technology. Some of us obviously have unique needs that push certain things in certain places. But this is a consortium. It leverages all of the companies' not only brain power but also our money. So we are making sure that we can get the best move forward to get stuff from the design table to actually being deployed in the field. And the sharing that happens across the companies happens at that NYSEARCH consortium; and is supported and represented with Public Service Commission personnel as well.

I just think, my point is there is lots of stuff available to us. And I think everybody pushing at that. I think our task here is there's stuff we should be moving faster on to get deployed and more readily used in our day to day
ASSEMBLY MEMBER RODRIGUEZ: Thank you.

ASSEMBLY MEMBER BRENNAN: If you could comment?

MR. IVEY: I want to highlight one other item as well. We're looking at a device that can simultaneously do the mains and the services today. One device does the mains and we literally walk the individual services. As I noted, there's 368,000 individual services. We're evaluating again a technology that could simultaneously do the mains and the services, which will allow us to do that much quicker than walking each of the 368,000 services. Thank you.

ASSEMBLY MEMBER RODRIGUEZ: I think part of the equation is we know that we have to create some opportunity for this to be a more efficient process. So that those resources can be deployed hopefully towards replacement, replacement of leak-prone pipes. And I think what we're trying to get at is: In terms of timing, I mean, it sounds like National Grid and Con Edison have roughly the same dollar value number for what
they're allocating for pipe replacement, roughly 500 million. And the question for us is: We know that that takes us 30 years to do. The averages obviously are different based on the cost structure of the changes. We're willing to do a part in opening up the streets and dealing with the municipal components to lower that cost basis. What else can we be doing or thinking about that will help us do more faster?

MR. IVEY: I think the coordination is a significant one. Again, we're already working with the City, working on mapping and coordination. If we can figure out a plan that DEP and Con Edison share the excavation, which is a very significant part of the cost; we can accelerate that without spending additional dollars. We can be more efficient in the work that we're doing. And those are the conversations that we're having today with the City. And I want to commend the City. They've been very open and collaborative in their efforts to work with us. And I really commend the Administration for doing that.
ASSEMBLY MEMBER RODRIGUEZ: Not to say that as we get more efficient, we also recognize that to really put a dent in that number there has to be an additional investment. And I think if 500 million is not that number, is it a billion? And clearly, keeping in mind the potential impact to rate payers. So we're not minimizing that impact. But I think we recognize that we've got to do more. We've got to do more smarter and are looking to work with you to figure out how we can do that in a meaningful amount of time.

I think also touching on response. And I think that was an important part of the conversation that you mentioned in terms of an integrated response with fire department. And we recognize that when you have a significant or a severe gas leak, there sometimes is not a lot of time to respond. And I think some of the numbers are, you know, Con Ed independently would take 22 minutes to be able to respond to a leak on average. And the fire department is prepared and arrives on site in a much faster way and I think
we clearly saw that play out. But in situations that we hope don't occur in the future but know that they will, our ability to respond and to do that in a way that puts people in a place of safety is important. So I just wanted to acknowledge that that conversation is important and we appreciate you working very closely with FDNY and the City to keep that in mind and put your customers and our citizens out of harm's way when situations occur.

ASSEMBLY MEMBER BRENNAN: Thank you.

ASSEMBLY MEMBER RODRIGUEZ: So I think with that, I've addressed my main concerns. Clearly, the technology and the pipeline replacement issues have to be our priority here.

ASSEMBLY MEMBER BRENNAN: Thank you, Mr. Rodriguez. Senator Perkins?

SENATOR PERKINS: Yes. A few quick questions or concerns. So, with respect to Con Edison, the survey; exactly what does the survey of the gas line entail? And is once every three years the industry standard?

MR. IVEY: So, we currently survey our
distribution mains once every year and services between the street and buildings once every three years. The services above standard. I believe the mains are at the standard in terms of once per year.

As I noted earlier, one of the things that we're looking to do: to create multiples of that annual survey by integrating the gas leak detection technology with the electric technologies that's looking for stray or contact voltage. The electric vehicle already runs through the City twelve times a year. So if we can find a way through this pilot project to integrate the gas detection with the electric contact voltage detection, that would be an efficient way for a vehicle that's already running that route, it already has a plan; if we can integrate gas detection, we can create multiples of the one year inspection of the mains that we're currently doing. And I think that would be a force multiplier in terms of identifying leaks that might exist on the system.

We're in a very early phase of that.
Again, I will highlight that both of those vehicles are out front. And we're looking to integrate it and get the benefit of the efficiencies by doing that.

SENATOR PERKINS:  What is the size and scope of the proposed pilot project that will combine the gas leak testing equipment with your contact voltage equipment? What percentage of your gas pipeline will it serve? What is the timeframe for testing this program before a decision will be made to expand the program? And if the pilot program is unsuccessful, have you considered alternatives?

MR. IVEY:  We think it will take a couple, three months to try to figure out a way to integrate the gas detection technology. The current voltage detection technology has a device that sends the data into a computer, a mobile data terminal that's in the truck. We want to integrate the gas detection with that. We have GPS coordinates. So, we want to make sure we integrate that and we want to test it. We want to go through the test and make sure it's working in
the way we want it to work.

Then we have to make sure, as an example, if we're going to detect more leaks as we might, we got to make sure that we have the response to follows in behind that. So I think it will take, early indications are three to five months to try to figure out whether the pilot's going to work. I think it will be successful. That's my belief today. Because we're just taking the technology that we know works today and we're putting it on a different vehicle. And then we have to integrate the systems and then get the response to back it up.

In addition to that, as I said earlier, we're looking at another device that can also pick up the mains and the services, that fairly new technology. We have to do some additional tests there because one of the things that we're seeing early on is we see false positives and false negatives. So, we don't want to miss a leak that exists or chase a leak that doesn't exist. So we have to work through the algorithms to make we recalibrate it so we can pick up gas leaks.
SENATOR PERKINS: I appreciate the effort with respect to this. Have you had a sense of how this is working out?

MR. IVEY: We've had focus groups. Again, it's samples, okay, with samples of our customers. And the indication from the focus groups indicate that people understand the smell of gas. They understand if you ask them: Would you know what gas smells like? They would say yes. So our indications are that people understand what gas smells like. I think the challenge for us: What do you do? I think Chairman Brennan mentioned it earlier: If I smell gas, get to a safe spot and call 911 or call Con Edison. I think that we continually need to work on that, is my sense.

As an example, Senator, I listened to call recently. We have a specific group within Con Edison that takes gas calls. So if you have a gas odor, it goes to a special group that deals with this. They deal with it every day. They're very expert at it. And it's very clear from the calls that we have to continue to work on that
safety culture of reporting. One particular call, someone reported. We were asking: Were they home? And they waited to get to work to report the leak. One young man when asked: Where could our crew meet you when we respond? because we've asked him to leave the property; he said: "On the third floor." We said: "No, we need you to leave the property."

So, I think we need to work on that safety culture a bit. I think people understand the smell of gas. If a rotten egg odor is not day to day present in your apartment and all of a sudden it shows up, you got to believe that that's something different. And our sense is customers understand what that is. And then I think we have to work on our safety culture so that we get a report of that and we get the chance to respond.

SENATOR PERKINS: When and where will the pilot program with the gas leak testing equipment be implemented?

MR. IVEY: That's a level of detail I don't have with me today. But we will follow up
with you on this question and give you all the
detail you want on the pilot program. We'd be
glad to do that.

SENATOR PERKINS: And related to this
is: How many trucks will be dispatched as part of
the pilot project? And how often will they be
going out?

MR. IVEY: I don't remember -- but we do
currently, we already do this looking for contact
temperature and it's a significant number of trucks.
And I recall the number 18 but I'll make sure
that's right. But we do 12 scans of the City
today. So those trucks are already in place doing
the scans. What we have to do is integrate the
gas leak detection and the response that would
back that up.

SENATOR PERKINS: I'm trying to also
understand this is sort of a community-based
concern, this gas. And even though it's your
industry concern but I'm saying it's really a
community. What is your relationship with like
the local communities in terms of community
boards and other faith-based institutions? How
are you helping folks in those avenues, those opportunities to become familiar with what you're doing and how they can be a part of it for their own sake is nothing else?

MR. IVEY: Con Edison, we're part of the City and so we're involved in many organizations. As one example that comes immediately to mind, we have a Con Edison individual on every board of every Y in the City. So, we're very involved in different organizations in the City. We spend a lot of time with community boards, educating them about things that we're doing like all the gas conversions that are going on or any other issues that might be going on in the community. We're also willing to expand our efforts if you think it would be helpful and productive on awareness around gas leak. We're willing to do whatever it takes, working with the community or anyone else to raise awareness of gas odors and what to do more specifically to get to a safe spot and call us so we can get there and mitigate whatever risk might exist.

SENATOR PERKINS: Thank you.
ASSEMBLY MEMBER BRENAN: Mr. Buchwald?

ASSEMBLY MEMBER BUCHWALD: Just a couple questions, Mr. Chairman. Thank you. First, for all of the panelists, thank you for your testimony today. Do any of your companies operate gas pipelines in New York State that are under federal as opposed to State jurisdiction?

MR. RAMSDELL: National Fuel does.

ASSEMBLY MEMBER BUCHWALD: And on those pipelines under federal jurisdiction, do you nonetheless apply the higher New York State safety standards, including with respect to odorizing the gas?

MR. RAMSDELL: Yes.

ASSEMBLY MEMBER BUCHWALD: Anyone else?

MR. AKLEY: The federal codes apply to all of our structures. New York State then has put on top of that at the same or higher level requirements. So we all fall under the jurisdiction of federal requirements. Again, I think for the most part we either exceed them just by the nature of operating in New York State and by the requirements of the New York State
Public Service Commission; or we by operational needs exceed those.

ASSEMBLY MEMBER BUCHWALD: Okay. I think I was directing my question in part of the interaction I had with the Commissioner, referring to the fact that there are certain pipelines across through New York State, either because they're interstate or under federal jurisdiction, that they are not required to follow New York State guidelines. And I certainly appreciate the fact that companies are voluntarily complying with what we do in New York State. But it certainly seemed to be that the Commission thought that there would be some pipelines and maybe it's not ones governed by your particular companies that aren't meeting the higher New York State thresholds because they don't have to. And it's something certainly that in our dialogue with our federal counterparts we can work with.

But I take it that with the exception of the ones that are indeed compliant with New York law voluntarily, none of your companies operate
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such federal-only compliant pipelines?

MR. AKLEY: That's correct.

ASSEMBLY MEMBER BUCHWALD: And I appreciate that. Thank you. And then a question that I direct in the first instance to Mr. Ivey, though if any panelist has feedback it'd be welcome. In your testimony, Mr. Ivey, you reported that about 40 percent of calls reporting gas odors turn out not to have natural gas leaks as the cause. And I completely agree that we want to encourage people to report no matter what the case is. But I was curious whether there are any common causes of reports about the smell of gas that turn out not to be? Not because we want to discourage that but there might be situations where we can address the underlying cause of the similar sorts of odors or things like that; that if we're able to in a cost efficient way would reduce the need to call upon your services so that you can focus on other gas safety issues.

MR. IVEY: There are probably other sources of methane produced in the City. In fact, if you think about the background level of
methane in New York City, it's probably two parts per million of just the background level. In fact, our leak detection activities really trigger above that to try to avoid just those false positives. So there's a background level of methane that could come from a number of different sources.

ASSEMBLY MEMBER BUCHWALD: I take it, it's implicit in your answer but since I don't have the technical knowledge, a background level of methane can smell the same as natural gas with the additive?

MR. IVEY: At that level, it may not; the two ppm may not be detectable by the human nose but it will be detectable by our equipment.

ASSEMBLY MEMBER BUCHWALD: Right. So you're answering questions to why your equipment might detect something that turns out not to be a leak. My question, I took it from your testimony that about 40 percent of calls that are made in reporting the smell of gas; it turns out that there's some other cause and so forth. My question was: Are there common alternative causes
in those customer-reported circumstances?

MR. IVEY: Understand. Fuel oil. A number of buildings in the City; I think we had 7,100 buildings in the City, when the City passes a regulation to phase out the heavy oils, fuel oil and they create the same sort of smell.

ASSEMBLY MEMBER BUCHWALD: That's good to know. In fact, my colleague Amy Paulin and I, who both represent the City of White Plains; I know that the City of White Plains this upcoming Monday is actually planning on passing an ordinance to actually phase out some of those fuel oil usages in buildings in the City that we both represent. And so if an ancillary benefit of that is that more of the calls that come in reporting gas leaks are going to actually be related to gas leaks, that's another good reason in addition to all the other environmental reasons to address that circumstance.

Is there anything else on the topic that I've raised about ways to address other potential causes -- what I won't call false reports because we actually want them all reported; but reports
that turn out not to be of a gas safety nature, that anyone wants to contribute? Otherwise, I would yield back to the Chairman. Thank you.

MR. AKLEY: Assemblyman, the only thing I'd offer is we also report or respond to CO calls. So if there's a CO event and it doesn't have to be of a home just burns natural gas; we would respond to those type of events as well. Again, so I think it's just a matter of public safety; it's we feel it's our obligation to respond to those type of situations.

ASSEMBLY MEMBER BUCHWALD: Thank you.

ASSEMBLY MEMBER BRENNAN: Thank you, Mr. Buchwald. Mr. Otis and Mr. Kavanagh? Mr. Otis?

ASSEMBLY MEMBER OTIS: Thank you, gentlemen. I appreciate your testimony. In terms of leaks, is there sort of a rule of thumb of the ratio of leaks that occur on let's say the mains and the lines that are on the street, as opposed to from the street to the building or within the building? Is there a rule of thumb about where more leaks end up occurring from?

MR. IVEY: I think I highlighted it in
my testimony. Roughly two-thirds within the building and one-third on the street.

ASSEMBLY MEMBER OTIS: Okay. And it seems like you all have records that relate to the age of pipes for the systems that you have under your control. Do you have records of the type and age of pipes from the service point at the street to the customer location? Is that part of your recordkeeping or is that something you don't have?

MR. HAERING: I can speak for Central Hudson. That is part of our recordkeeping. It's not solely the mains; it's the services as well. And all that information is baked into the risk assessments in terms of prioritization of replacement.

MR. IVEY: We have records that go inside the building wall but not throughout the building.

ASSEMBLY MEMBER OTIS: Right. But does Con Ed have records about what the pipe is that is from the street to the building?

MR. IVEY: Yes.
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ASSEMBLY MEMBER OTIS:  You do, okay. To the manpower issue, I'm just curious, you know, over time, over the last ten years; do you have as many people on staff that are devoted to gas? Has that changed over time? And if it has decreased, are you replacing that in some other way through technology or otherwise?

MR. AKLEY:  I'll take a shot at that. We have seen some decreases. One of the things that we experience probably in the 2010 time period, a couple of very significant things that occurred: One, the City's regulation to phase out the heavy oils that drove a significant amount of request to convert from oil to gas. And generally, the low natural gas prices; even as customers that burn non-regulated oils are now converting to natural gas. So we're having to ramp up resources in order to respond to that.

So, I'll just give you one data point. I don't have too far back. But last year, in terms of workers, physical workers in the field; we have a base of 600 and we added 100 last year. And we'll continue to add resources out into the
future. Obviously, we have a training program to get people up to speed, to be operator qualified to do gas work. So I expect a similar number as far out as the eye can see, given the tremendous work in terms of main replacement programs and the growth because of all the gas conversion. And I see that continuing out into the future.

ASSEMBLY MEMBER OTIS: Thank you. Is that the trend from the other utilities? You're increasing your staffing for people targeted to gas?

MR. EASTMAN: Yeah. I'll only add the same exact story for us. But the only big reduction we've done is through the mergers and acquisitions. And it's been management, not workforce that have been through the reduction. So we've taken advantage of synergies of the multiple companies coming together. But our workforce is in the same mold. We're increasing the size of our workforce based on the work demands.

ASSEMBLY MEMBER OTIS: And just to understand, you get a report of a leak let's say
on one of your mains and you go out and you deal
with the immediate problem. You're not on that
visit or that repair, you're not necessarily
replacing a whole large section of line at that
time. But those kinds of reports, just that
increase the chance that you're going to
reprioritize where you do do a whole
neighborhood, big sections? And how often do you
recalibrate your priorities based upon leak
reports?

MR. HAERING: So for our example at
Central Hudson, that is done annually. The
reprioritization and the model is updated
continuously with the information, in terms of
leak data. And then our capital plan is recast on
an annual basis. So the reprioritization happens
when we re-establish the annual plan.

MR. EASTMAN: We do that also annually.
And then once a year, usually in February, we
have a meeting with all of our engineering staff
and at the local field offices; because we want
the input from the local people as to what they
think they priorities are. And then that all gets
baked into the risk model and then we prioritize the projects. But with the winter we've had this winter, sometimes the best laid plans and then some other things will creep to the top. So it's very similar to Central Hudson.

MR. IVEY: Yeah, we do something very similar and I'd add one component. That is through field observation, we get feedback that: This pipe should move up the list. We'll move it up the list based on physical observations in the field.

MR. HAERING: And I would also like to say we all have budgets. But I know every year I stand up in front of our operations and engineering people and say: "I know we have budgets. But if anybody has anything that is safety related, that you have a concern about in your area, you raise your hand. Because we want to take care of it regardless of what the budget issues are." And that is a message that we need to get out there loud and clear. And we do it frequently through the year.

ASSEMBLY MEMBER OTIS: Great. Thank you
very much and thank you, Chairs. Thank you, Mr. Otis. Mr. Kavanagh?

ASSEMBLY MEMBER KAVANAGH: Thank you. Just briefly on this issue of public education. Just using this as an example, this pamphlet suggests that if you smell gas, you should get out of the area immediately, don't cause a spark. And then you should call either 1-800-75-CONED or if you're in National Grid area, you should call 718-643-4050. Shouldn't the message be: If you smell gas, call 911?

MR. IVEY: That's what we're working toward. Obviously, if we can advance response; fire department gets there much quicker than we can. That's exactly the protocol that we're working with on the fire department. We want to do two things as we think about that. We don't want to slow down the process of 911 and the dispatch of the fire department. So, it might be a gasoline leak that they respond to or a natural gas leak. So, we want to get the fire department on the way. But we also, to the extent there is a natural gas leak, we want one of our qualified
people to get there. Because the fire department can get people out of harm's way but they don't know how to sort of diagnosis and find the leak. So we want to make sure that we can get to the scene without causing them to be slower. But that's exactly what we're working on with the fire department. So that they potentially would take 100 percent of the call; you don't have to worry about 1-800-75 CONED. Dial 911 and the fire department comes and we get --

ASSEMBLY MEMBER KAVANAGH: So, I'm must trying to understand. Actually, it happens that a week ago I had a little sample of this experience at 11:00 P.M. in my building. There was a CO detector went off. Somebody smelled gas, called 911. And I have to say it was astonishing. I swore that the sirens could not possibly have been in response to the call. Because you'd barely hung up and the fire department was there. And to its credit, Con Ed was there. Even though the fire department had dealt with the immediate situation, Con Ed was there within 35 minutes at quarter to midnight. It was a very impressive
response.

It just seems to me that the benefit of telling people: Call 911 is twofold. First of all, it's the best way in our society to communicate that this is serious; it's an emergency. And the second thing is everybody knows that number. And so I look at a pamphlet and there's the scratch and sniff. I leave it to my colleague, Ms. Paulin, what percentage of the people will throw this out. I'd probably sniff it. But I agree with you, what you said earlier, Mr. Ivey, that probably most people think they know what gas smells like. Also, this experience, it caused a little focus group in my hallway, where everybody was like: Okay, we smell gas. We got a CO detector going: carbon monoxide detected. And everybody's sitting there and what do you do about that? And it was like everybody sort of looks at each other and: Call 911. And then somebody decides that was the thing to do and we called 911 and it worked out fine.

It just seems to me that getting that message out and it's across jurisdictions; it
doesn't matter what system you're in, everybody knows the number. This is a relatively new -- this is October 2012 and 911 doesn't even appear in here. And I just would say in terms of public information, in terms of I know the City and maybe we can get the MTA to put up some signs and getting the message out there: "If you smell gas, call 911" is just the cleanest message and I would just strongly urge. And obviously this goes for all of the participants here.

MR. IVEY: We agree. We absolutely agree.

ASSEMBLY MEMBER KAVANAGH: Okay. Just, I want to focus briefly on this issue of replacement rates. I have to say also that we've talked about community outreach and input. And Con Ed in my community is extraordinarily engaged in the community. John Leo is practically on speed dial for all of us in elected office and our community boards and goes to all kinds of odd community meetings. And it's a very good process. I also understand that all of the utilities, and particularly Con Ed, have great
challenges with respect to capital infrastructure. I've had the experience of touring the 14th Street and Avenue C substation, which of course was taken out very dramatically during the Sandy Storm, and seen the work that is necessary there to make sure that that's not going to happen again.

I also happen to be I think the sort of focal point of a lot of the stray charge issues on the electrical side. So recognizing this is old infrastructure, you inherited a lot of it; but just getting to this issue of what an appropriate rate of replacement is. Can I ask each of the utilities reflected here, what percentage of your leak-prone pipes are you replacing per year at this point?

MR. RAMSDELL: So, we have an inventory of just slightly over 200 miles. And we are at a rate of about ten miles a year. So, within 20 years we hope to have all that pipe replaced.

ASSEMBLY MEMBER KAVANAGH: So five percent. Okay.

MR. IVEY: I think as was noted earlier,
we're about 2,200 miles; a rate of 65 on average. Again, we're open to do more; considering the costs, working with other stakeholders, the City, Westchester, the Public Service Commission. So we're open and willing to accelerate beyond that.

ASSEMBLY MEMBER KAVANAGH: Right. And we recognize that we play a role and government plays a role as the people who regulate how streets get dug up and when and where. But just trying to get a sense of what the appropriate rate is.

MR. AKLEY: So the 6,200 miles plus that we have; we've just ramped up this year from 130 to 150 miles. By different operating companies, we're at a different pace. But the same exact place as Con Edison; we've done year over year increases and we'll continue to do so. So that rate is not static. It's been going up and continues to go up. We anticipate in New York State that we may in fact be at a point to double that. And that doesn't go through the 5,000 miles of leak-prone pipe we have outside of New York State that we're also managing. So it is a big
undertaking, to your point. And we are in a continual mode of increasing that pace.

MR. RAMSDELL: Our rate's about 3.2 to 3-1/2 percent. That was at the 80 miles. Now we're ramping that up another 15 miles going forward. So it'll probably put us at about 25 years to replace it all.

MR. EASTMAN: We have 9,600 miles of main. We have 30 miles of cast iron left. We replaced 50 miles of leak-prone, which is cast and barrier; ten percent.

ASSEMBLY MEMBER KAVANAGH: Ten percent per year. Okay, so a relatively high rate. And again, any thoughts on how we should assess the; you know, we hear from people when rates go up. We also hear from people when our streets are dug up. But I mean, any sense of how we should assess the appropriate rate of that relative to the safety concern?

MR. IVEY: Yeah, it's a discussion that I think we need to have. I don't know that there's a quantitative answer today. Again, lots of factors to be considered. The rate obviously,
the cost, the public concern around safety. But I think it just takes more dialogue. The good news is we're going in the right direction. And I think all of us in a relative sense are doing more. I think we're all open to doing more. But I just think it takes more conversation amongst all the stakeholders and find other ways to do it more efficiently, like in New York City. But I think more conversation needs to be had about that.

ASSEMBLY MEMBER KAVANAGH: One more question. A couple of you had talked about using metrics to determine, given that you're replacing pipe, the highest need. I presume that that's just not a rank-ordered list of all 2,000 miles. Is that divided into different tiers; the cost and benefit of that? Are there are categories that we should think about? And if there is a category, can you tell us sort of what percentage of your pipe or what portion of your pipe is in the highest category in terms of priority for replacing it?

MR. AKLEY: So, let me give you an
example with regard to the cast iron systems. We were concerned primarily with those that we're operating at pressures and pounds of pressure. A lot of the cast iron operates at effectively what we can call low pressure. So, a prioritization would be: Let's get rid of the pressure or pound systems cast. So, that's already been done. So that would be an example of how we've, taking in different classifications of the infrastructure and attack that at a more aggressive rate.

MR. IVEY: I think the process has to be recalibrated as you learn more. As leaks come in and you have operational issues on the infrastructure, it feeds back into the replacement program that has the ability to recategorize or prioritize the pipe. So if we saw a particular -- in this past winter, a particular issue on a certain diameter cast iron pipe, that would feed back into the model and that may move it up. So I think it's a very iterative process.

ASSEMBLY MEMBER KAVANAGH: How far in advance do you plan? Do you have a multiyear plan? You know, this year we expect to replace
this and this year expect to replace those, in that sense? I'm seeing several people nodding their heads.

MR. IVEY: Yes.

ASSEMBLY MEMBER KAVANAGH: Is that public information?

MR. IVEY: I don't believe it is. I'll have to check.

ASSEMBLY MEMBER KAVANAGH: Would you? Could we get from each of your companies a multiyear; you're talking about numbers of miles presumably? You have an expectation of which miles you're going to replace in the next few years?

MR. IVEY: Sure, sure.

ASSEMBLY MEMBER KAVANAGH: Is that something each of you are willing to provide?

MR. IVEY: We're willing to provide that to the Committee.

ASSEMBLY MEMBER BRENNAN: Yeah, that's no problem. But I mean, the Public Service Commission's risk; they're all in a risk assessment process. So I think there's an ongoing
process of evaluating that.

ASSEMBLY MEMBER KAVANAGH: That information may change. That's fine. Okay. Thank you.

ASSEMBLY MEMBER BRENNAN: Thank you.

Alright, Ms. Paulin?

ASSEMBLY MEMBER PAULIN: Yeah, I just have a follow up. If I did read this and I didn't throw it away, the one thing that I, just going back to Brian's point; the one message that I would take away is that 911 isn't appropriate because it's not even mentioned at all. You know, because it says: Report it to this number, report it to that number. So what would be left in my mind if I did smell a gas leak is that 911 wasn't an option. So, I think that we have to be very careful in sending out something like this if we indeed believe that 911 is an option.

So that leads me to my follow up question and that is: Presuming someone did believe 911 is an option, what is the typical response? What does 911 do? Is there a legislative impediment to putting 911 on here? Is
it a cooperation? Is it that the response is delayed? Why isn't it here? And what can we do to make it uniform in the State? What can you do to coordinate so that everybody's thinking the same thing? Just like 911 is what you do when you have an accident, you need the police, there's some problem.

MR. IVEY: First and foremost, I think it's important to say that we're still working on the protocols, even with New York City. I think there's a willingness to take these calls. Again, you're adding 33,000 calls to their annual call volume. So, we're still working on those protocols. There's a willingness on our part and their part to do this. We haven't exactly figured out the protocol. We're working on it. So this would not have reflected that. But you make a really valid point. So this is an older scratch and sniff.

ASSEMBLY MEMBER PAULIN: But what about the rest of your catchment area -- Long Island, Westchester? There's clearly more than one 911 system. Are those being discussed as well? So
that you don't have one system in one part of your catchment area and in other system in another part?

MR. IVEY: We're having discussions with Westchester as well.

ASSEMBLY MEMBER PAULIN: And Long Island as well?

MR. AKLEY: Yes.

ASSEMBLY MEMBER PAULIN: And what about the rest of the State? Have you thought to engage 911? Is it the common place for people to make those phone calls?

MR. EASTMAN: So I think this is going to be part of the collaborative effort with regard to what we want to do out of the Horse Head's order. I think obviously some consistency across the state makes perfect sense. I think the reality is that different jurisdictions have different 911 coverage. So we have to be just cognizant of that; that what works maybe in New York and Long Island may not be something that works over all areas upstate.

ASSEMBLY MEMBER PAULIN: And just one
last question. When I was reading, it says -- the first point: "Don't do anything that might create a spark, such as use a phone, light a match, switch anything on or off, ring a doorbell or start a car." Storm Sandy, and I have to say we've had numerous storms in the last few years with trees down, wires exposed. And I would suggest that I wire exposed could create a spark. Without knowing if you're in an area with even a very modest gas leak, you don't know if you're at an additional risk.

So, I would suggest that having municipalities who are usually the ones that identify those areas most in need for Con Edison to come to, in the Con Edison area but wherever, in an immediate basis. Because that's how we operate, in our municipalities at least; would be extraordinarily helpful. Because while there may be a priority because it's a school, there may be an even more dangerous priority because there's a type three, class three gas leak that might be in contact with a wire. So the fact that we would be releasing this information and allowing the
public to have it could add emergency
preparedness that we might need; as we see the
storms not dissipating. The hundred-year storms
seem to be yearly.

MR. AKLEY: I think you make a really
important point. In fact, that very scenario,
we've drilled that very scenario; A wire-down gas
leak, working with the fire department. So, we've
drilled that very scenario. But you make a really
important point.

ASSEMBLY MEMBER PAULIN: So with that,
I'm done.

ASSEMBLY MEMBER BRENNAN: Alright. Thank
you, all of you. Your testimony is greatly
appreciated and your patience and your time are
also appreciated. And I think you've certainly
helped us understand the industry and the issues.
And we look forward to working with you to try to
improve public safety in this very important and
critical area. Once again, thank you so much.

MR. AKLEY: Thank you.

ASSEMBLY MEMBER BRENNAN: Alright.

Members of the public, we have the utility worker
unions will be testifying now. We have James Slevin from the Utility Workers Local 1-2, which is the Con Edison workers. And then we also have Glen Casey from the New York State IBEW Utility Labor Council. And we appreciate both of these gentlemen coming forward and speaking to us. Thank you. And of course, we'll be asking you to swear in and look forward to your testimony.

MR. JAMES SLEVIN, PRESIDENT, UTILITY WORKERS OF AMERICA, LOCAL 1-2: Good afternoon, Chairman.

ASSEMBLY MEMBER BRENNAN: Identify yourself, your name, your title.

MR. SLEVIN: James Slevin. I'm the President of Local 1-2, the Utility Workers of America. I represent the membership of men and women that service the gas territory in Con Edison.

ASSEMBLY MEMBER BRENNAN: And do you swear to tell the truth?

MR. SLEVIN: I do.

ASSEMBLY MEMBER BRENNAN: Go ahead.

MR. SLEVIN: I do. In respect of the
time and the beautiful day that it is, I know and your staff behind, I'll make sure I don't go through. I've submitted testimony but I'll try to hit some of the key points on it.

ASSEMBLY MEMBER BRENnan: Let's just identify our other panelists.

MR. GLEN CASEY, LEGISLATIVE REPRESENTATIVE FOR IBEW, NEW YORK STATE UTILITY LABOR COUNCIL: Glen Casey, Legislative Representative for IBEW, New York State Utility Labor Council, representing 15,000 members statewide.

ASSEMBLY MEMBER BRENnan: Great to see you.

MR. CASEY: Thank you.

MR. DAN MACHOLD, BUSINESS REPRESENTATIVE, IBEW LOCAL 97: Dan Machold, Business Representative for IBEW Local 97, representing the gas utility workers and the upstate New York National Grid region.

ASSEMBLY MEMBER BRENnan: Mr. Machold, do you swear to tell the truth?

MR. MACHOLD: I do.
ASSEMBLY MEMBER BRENnan: Mr. Casey?

MR. CASEY: I swear to tell the truth.

ASSEMBLY MEMBER BRENnan: Yes.

MR. JAMES BROWN, ASSISTANT BUSINESS MANAGER, IBEW LOCAL 1049: I'm Jim Brown. I'm the Assistant Business Manager at Local 1049 IBEW. I represent the National Grid members that perform gas work on Long Island.

ASSEMBLY MEMBER BRENnan: Great. Do you swear to tell the truth?

MR. BROWN: I do.

ASSEMBLY MEMBER BRENnan: Alright. Thank you so much for coming.

MR. SLEVIN: Thank you. And like I said earlier, I'll try to be brief on it and try to hit the key points in my testimony and some of the questions that were asked before. I represent those men and women that service the territory day in and day out. And we're here in the wake of the tragedy of the gas explosion in East Harlem. And it's not a surprise that it not has happened after the 2009 April event, where there was an explosion in Floral Park. Probably the only
testimony I could say is that the men and women from decades before has had a different culture in performing their work on the Con Edison gas system.

At that time they built a system, they built it to last and also with the paramount of the public safety in hand. The culture has changed at Con Edison. It's now more of a profit-drive company, where it's done piecemeal. We've looked after what happened up in Harlem. And years ago when a job like that would come in, my men and women would go out and change a gas main from corner to corner. When we looked at the Harlem issue, it was piecemeal. It's almost as a rosary bead was put into place. And at each point, there's a potential capability of a leak. And we see that atmosphere more and more when it's being profit-driven, rather than looking to make sure of the paramount safety of the public is there.

ASSEMBLY MEMBER BRENNAN: So you see they do in short segments to reduce the amount of time?
MR. SLEVIN: As mains are being replaced, they are being placed just pieces and pieces. So understand that each time when you open up an excavation, a main that may have been cast iron and may be sitting in the ground in stable soils and now it's in unstable soil and it may cause a leak. So there is concerns on that side of it.

It's also the atmosphere of change. The company in their respects of manpower, we've seen a major decrease in manpower and now subsidized with rather than in-house staffing, being performed by contractors. And I understand the point of looking at contractors for cost of labor. But, you know, that's fine and dandy when you're on a Walmart or Amazon, but not in a public utility where it's paramount safety to the public out there. We find that it's not just the cost issue but the training issue that the contractors go through compared to their in-house workforce.

With that said, the amount of contractors they have on, I think even in my
testimony I talked about the Rye Service Center, where we've gone at one time over then years ago from 43 mechanics in that yard, down to six. These are first responders, people that answer to gas leaks every day, day in and day out. And we've noticed that decrease in a majority of the system throughout Westchester County and also throughout the City of New York.

And with that said, we're also seeing that the difference in part of the contractor stuff is is that in order for my membership to work on the gas system, they have to have at least a minimum of 2-1/2 to three years of experience working on gas mains. The contractor is different. It's only required to go through 18 days of training. That means 18 days so they can work on your gas mains. We find that that's tremendously a neglect on their behalf, that they can go through such a small amount of training. Where when my guys from a general utility worker to a B mechanic to an operating A mechanic would have to do 2-1/2 years. Where all they would require is the contractor to have one personnel
on that crew to go through 18 days of training. And we're finding more and more of that reason why they're going towards contract-out labor.

With that said, the company then also has changed their practice. So they talk about leak surveys. Years ago we had two-man vehicles drive roughly around ten miles an hour throughout the City and Westchester County. They've dropped that number down. When those people in the two-man vehicles would drive ten miles and they found a leak, they would stop. They would get out by foot and check the area and survey it and then come back and wait for a crew to arrive. Today, there's a different atmosphere. They're doing faster leak surveys, where they're maybe going twice the amount of mileage, which just makes it go past the minor leaks. And then there's also one person in that vehicle, where they're not doing the foot surveys and just marking it down.

The system we used to have was where my mechanics would go out and repair systems. Now they're putting patches on it. And they're going out into the field and just looking at that small
section of the leak and repairing it; rather than looking at a bigger component to look at and replace some old cast iron mains and things like that out there.

We don't repair immediately like we used to. The membership now goes out and kind of vents the structure and lets it leak out into the atmosphere. And as we understand, gas leaking into the atmosphere can be monitored. But those repairs may sit around not a day, not two days, but maybe hit within a month or so. And we'll send crews out there to check elevations from gas.

Now as testimony was said before, I had no knowledge of the company trying to integrate the stray voltage testing that they do with the gas detection. But we've brought up many times before how ironic it was where there's no overlap on it. So can you imagine in an area where you possibly an igniting source of stray voltage and a gas leak at the same time? There's no overlapping at all in their system to look at that. And that it's crucial for public safety
that they start to look and address some of those issues.

In my testimony you'll see, the company again had trust of the public. They've lost it over the years. And part of that is the way that they've looked at more of rather than being a public-regulated utility, looked more at Wall Street. And with legislators like you, I think we can possibly turn around a lot of what these utilities are owned up to.

ASSEMBLY MEMBER BRENNA: Thank you. Would you gentlemen like to testify?

MR. CASEY: Yes. Thank you, Chairman Brennan and Chairman Paulin and Members of the Assembly and Senator Perkins. My name is Glen Casey. I'm the Legislative Director for the IBEW Utility Labor Council, representing 15,000 members; mostly not in New York City but we do have several hundred that work on Staten Island. And just like Local 1-2, core to our mission is the safe and efficient delivery of gas and electricity. And the over-reliance and the use of contractors has had a significant impact in the
overall safety on this issue.

From our perspective, contractors are typically used as a cost-saving tool. And there are liabilities to that model. Non-union contractors are primarily engaged for financial benefit. Safety may or might not be their number one priority but it is with our workforce. We would ask this Committee as it moves through this, to carefully examine the ratio of in-house workers to the use of contractors on this work.

Contracting lends itself to more degrees of separation from quality control. And we don't have a standard of contracting in New York State.

We believe that criteria for a standard of contracting; some of the things that should be looked at is: the reasonable use of a contractor and what are their qualifications? Are they a New York State Department of Labor Certified Apprenticeship Program trained or have the equivalent? Without these quality controls on the workforce, the utility can't assure consistency and the highest level of quality.

We have several issues related, for
example, in Central Hudson with the outsourcing of locate services to a third party contractor. This has resulted in a lack of institutional knowledge by our members on how to effectively locate the underground facilities. It's created frustration and demonstrates a lack of confidence in the in-house employees that has had a significant impact.

In addition to that, there should be a greater effort to require utilities to mark out their underground facilities with permanent employees, in-house folks. Currently the locate agent's responsibility ends with the paint that he or she has marked on the ground. If the company continues to use these locate agents, they should remain in the area and available in the event that there are any issues regarding mark-outs, including but not limited to the need to expedite repairs and direct accountability.

ASSEMBLY MEMBER BRENNAN: If I could just interrupt you?

MR. CASEY: Yes.

ASSEMBLY MEMBER BRENNAN: In the gas
safety metrics in the Con Ed case, there was a
set of requirements related to constant mistakes
in the mark-outs that occur on a regular basis.
And there were some desire on the Commission's
part to, in the Con Ed system; there would be
penalties for failing to correct the high number
of mistakes in these mark-outs. I think that's
what the requirement was. But I'm just saying
that it seems like and I know in New York City
these -- is it a mark-out or a mark-up?

MR. CASEY: Mark-out.

ASSEMBLY MEMBER BRENNAN: Mark-out,
yeah. The public will tell you sometimes that
there's serious mistakes as to what's been put on
the sidewalks in relation to these mark-outs:
wrong street, other kinds of things like this.

MR. CASEY: Right. And I think that goes
to the point, Mr. Chairman, that we have a
workforce that's highly qualified, highly
trained. And when you use a contractor who
doesn't have the same high level of standards,
these are the kind of issues that can take place.
I'm not going to continue to on with my testimony
because I think you're getting a flavor as to what Jimmy has said and what's going on here.

I'm testifying today because we're a very diverse group of 15,000 members and our I guess experience on some of these things are very different. Jim works at 1049. He has almost all of these functions that are contracted out in-house. It's a fantastic system that we would like to sort of share with this Committee. And maybe we can get some of the other utilities to buy into this, you know, from the inspectors to the mark-outs. You know, some of these inspectors are inspecting three or four sites at a time and they can't be there to watch what's going on. Are they doing the 60-second gas test? Or are they doing it in ten seconds? And the smell, is it sealed or not?

So there's a lot of things that are taking place here. And we feel that there's a sense of frustration on our part because we've told the companies in many respects that we can do it and we can do it better and we can do it more consistently and with a higher quality. And
we understand that in some cases it doesn't make sense; you have to have contractors. We get that. But on some of these functions, they testified to the fact that the in-house staff is being diminished and we're seeing more problems. That should be something that's clear that should be going the opposite way: more staff, less problems. Do you gentlemen say a few words?

ASSEMBLY MEMBER BRENNAN: Yeah, go ahead.

MR. BROWN: I'm Jim Brown again. Some of the things that we experience on Long Island are different; in that for one thing, as opposed to most places, we represent the gas contractors on Long Island. In addition to that, we also train the gas contractors on Long Island through an employer-paid fund that we oversee, a skill fund. And it works very well.

ASSEMBLY MEMBER BRENNAN: You're saying a lot of the workers and the gas contractors are organized through the union?

MR. BROWN: They're organized on Long Island. Yes, they are. And we provide the
training to those employees. And it take up a lot of time. And we've got two buildings and they're busy almost every evening with people coming in for training. On top of that as well, there's other groups; where field inspection of contract groups is left to the contractor.

Whereas on Long Island, that's an in-house union job. We have field inspectors who go out and oversee and whether it's a large main replacement, where they'll be there continuously covering what's called an SOP, while they move through the process. Or they may be covering three crews or four crews or more, which it's not a one-to-one ratio necessarily. But it is an in-house and it comes with the institutional knowledge. They've worked on the system. They understand the system. It's their area. So it works very well.

Also, all of our leak response and repair is in-house as well. I have a large number of members who are on back-shifts, specifically for emergency response both in the construction end and the customer service end, that go out to
respond to leaks.

We do some other things that are also different. One is very recent with the company. They agreed to inject union members in the training process, which once again brings field knowledge into the training process; as opposed to a management trainer going through a procedure. This way you have union personnel performing the training and they can give them up-to-date, immediate: "This is what you're going to be facing."

We also have something that 1049 started about seven years ago, called: the safety advocate program. Where it's a union member that goes out and stops by in-house crews and checks out safety, makes sure they're following procedure, makes corrective actions as well; reports some of that back to the utility because they fund it. But it started in electric. It spread through almost the entire National Grid property down here, as well as upstate and even to Massachusetts. Field operations has one. We hope customer service joins in and has one for
their process as well.

So we do have a different perspective but some things are very similar. The tsunami that everyone speaks of, of which I'm a member, of just my underground construction group; approximately 25 percent are retirement eligible today. The company did just hire some people but the replacement, it's not fast enough. The department's certainly smaller than when I came to it 20 years ago. But they need to step that up because institutional knowledge is very important. The person who put it in 20 years ago is the mechanic. He should be the foreman 20 years later saying: "Oh, yeah, I remember I put this in. I know where it is," just from basic knowledge. And also when it comes to mark-outs and things like that: "I put it in. I know where it is." So it is important.

And as far as mark-outs, we have what we call the highway guy in each yard. And he responds to when the mark-out company says: "I can't locate it," or "I'm not sure of the mark." And he has to go back out and attempt to do the
same or possibly dig it up to try and get that mark-out done correctly and once again, in-house, to do it. So, I certainly support everything that everyone is saying here. But we do have a different experience on Long Island because of representing the outside workforce as well.

ASSEMBLY MEMBER BRENNAN: I am not familiar with any legislation that requires higher standards for the contractors. I don't know if you've seen anything? But we're certainly willing to work with you on something like that. It seems like a very significant concern. I think it was Mr. Otis was asking the Public Service Commission and I think the utilities about the decline in the size of the workforce and its relationship to safety and whether the Public Service Commission was properly monitoring the relationship between safety and the size of the workforce.

And that's certainly something that we need to take a look at and appreciate your discussing that with it. And so I certainly want to work with you this Session and next year and
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as we go on and appreciate your coming. And I'll let my colleagues --

ASSEMBLY MEMBER PAULIN: I would just add that I totally agree. You know, it's very interesting and important for us to know exactly what's happening. Because we could talk all we want about making these repairs but if the repairs aren't done timely, adequately, that's very problematic because then we're not fixing anything. So, we really appreciate your coming forward like this.

MR. SLEVIN: Assemblywoman, I really kind of push back. Even as you guys have been saying up there, the sniffing and detecting leaks, we come off of a principle of doing the job and doing the job right. If you do it right, you won't have those leaks to detect. And that's what we live off of. And I think the IBEW lives off of the same principle.

MR. CASEY: That's true and we appreciate you having us here. And just we've heard a lot today about technology and all the other things that we're talking about. But the
bottom line: If it's not put in right and if it's not monitored, it doesn't matter what kind of technology you have. And I know that Jimmy's workforce and I know that the IBEW produce quality product, well-trained and that's the direction that I think we should be looking towards. So I thank you, Mr. Chairman and I thank the Members of the Assembly.

ASSEMBLY MEMBER BRENnan: Let me thank Assemblywoman Paulin, who is departing and thank you, Ms. Paulin. You also just mentioned that the work sometimes seems to be done in segments and is not fully completed. You're patching or sealing rather than fully replacing. And for a little bit more time and a little bit more --

MR. SLEVIn: We're putting Band-aids on the system that's got to be built.

ASSEMBLY MEMBER BRENnan: Yeah. Work a little bit more; people there spending the time to do it, you could move this faster?

MR. SLEVIn: Yeah.

ASSEMBLY MEMBER BRENnan: It makes perfect sense and is certainly a standard that
ought to be; there should be standards in
relation to the completion of a job in relation
to safety. Is that --

MR. SLEVIN: A fair statement, yes.

SENATOR PERKINS: I just wanted to ask a
quick question in terms of your relationship with
the PSC. Do you communicate? Or do you ever get
more or less engaged with them to share some of
your concerns or thoughts?

MR. CASEY: I think I'd like to speak to
the Chairman of our organization before I
continue with that. But I would say that --

MR. BROWN: We communicate but are we
heard?

MR. CASEY: We do our best to voice our
concerns, like any other agency. They have to
take in a full range of comments and issues as
they move forward on anything. Could it be
better?

SENATOR PERKINS: Are they receptive?

MR. CASEY: We could have a better
relationship with the Public Service Commission I
think.
SENATOR PERKINS: Well, give me an idea of what they could do better.

MR. CASEY: Well, I'll give you an example right now. We passed Call Center legislation last year in the Senate -- I mean, four years ago in the Assembly; 1049 had a call center issue, which the legislation allowed for a hearing process. 1049 put in for a hearing process and they were denied. And so they sort of misinterpreted in our opinion what the legislation said. I know that the Senate has passed a fix to this. And I know that the Assembly, Assemblyman Cahill is working on this with Chairman Brennan. But, you know, we felt like that there was a lack of communication, a lack of understanding. So that's the kind of communication I think that we need to continue to work on and have a better understanding of what we want and where we want to go.

MR. MACHOLD: If I could add to that, central to the discussions that I heard earlier today. There was a lot of talk about leak-prone pipe replacement and the rate at which it was
being replaced and entertaining the idea of accelerating that replacement.

In upstate New York, the most recent rate agreement included accelerated rates of replacement, vis-à-vis the previous rate. But there was no consideration of who was going to do that work. There was no consideration for a more robust workforce to complete that work. So we're kind of left scratching our heads. We have new goals to replace this pipe but we're doing it with the same number of members that we did it with three years ago. And contrary to what I heard from the people testifying previously --

ASSEMBLY MEMBER BRENNAN: You're talking about the NYSEG, right?

MR. MACHOLD: Actually, I'm in National Grid's territory.

ASSEMBLY MEMBER BRENNAN: Okay, alright.

MR. MACHOLD: We have seen no expansion of our gas workforce on the ground.

MR. SLEVIN: And keep in mind, that's a 3-1/2 year process to get up to that qualification.
SENATOR PERKINS: And so the Commission's role in that regard?

MR. MACHOLD: I'm sorry. Could you repeat that?

SENATOR PERKINS: I said: the Commission's role in that regard?

MR. MACHOLD: We thought that the Commission could help us. I mean, they certainly were central to the accelerated main replacement and I would say failed to consider the workforce requirements to meet those goals.

SENATOR PERKINS: Thank you.

MR. CASEY: As any utility workers, to answer the relationship, we've stepped in on some rate cases and intervened on a few issues with the Commission. We would like to see them held to the accountability that they're there for the public, not for the utility and that they get that message across that you're to serve as a Commission over the utility. And I think that maybe with the new Commissioner we may start to see that hopefully.

MR. SLEVIN: And Senator, I would like
to also note that there's sort of a back-and-forth here. I gave you an example of where I felt that they misinterpreted in something and it came back negatively on us; they also do some good work. We've been working with them on the Transco acceleration and I think that they've done a great job in understanding that infrastructure needs of New York State and moving forward on those projects. In a way that they're very sensitive to the public as well.

SENATOR PERKINS: So how do you account for the difference, if when there is a difference? Or is there something to say about that?

MR. SLEVIN: I'm sorry. Senator, a difference --

SENATOR PERKINS: You say it's back and forth.

MR. SLEVIN: I think like in any relationship, sometimes it works out your way, sometimes it doesn't. But I think that communication is the key to anything and being heard and being understood. And I could say that
about almost everybody up here. I’ve walked into your offices and you’ve always been there and you listen. Once that door is closed, well, then we’re not talking any more, right?

ASSEMBLY MEMBER BRENnan: Mr. Otis?

ASSEMBLY MEMBER OTIS: I just want to follow up on something that you just referenced. I asked the utility company executives what the status was on their employees that are dedicated to gas service. And they all said that it was increasing, which is not what I had previously heard. But maybe they thought they were answering a different question or we may be talking apples and oranges. So, I'll ask you all to give the experience for the utilities that you're working with, how you perceive that employment level: going up, going down, staying the same?

MR. SLEVIN: Without a doubt on the utilities side, on the UWUA, it's decreased. It's decreased dramatically. So maybe the utility is saying that in gas operations they may have roughly 5,000 members working there. But in reality, there's only maybe under 2,000 in-house
staff. Like I said, that service center of 43 that's down to six in the Rye service area, it's eight employees by six supervisors. So they may have driven that cost up. In my testimony you could see those supervisors sit at a desk and kind of radio out to the person today where to dig; rather than seeing where is the leak. So it's different dynamics. So it's definitely decreased.

ASSEMBLY MEMBER OTIS: Other parts of the State?

MR. SLEVIN: Yeah, I would say, Assemblyman, that the words in important. When they said our workforce is increasing, that could be the increase in contract work. They didn't use the word "employees." So I would suspect that we would say that we've had decreases.

MR. MACHOLD: Yeah, I'll go you one further. If we go back say 20 years, and if you'll indulge me, I'm thinking about 1994 a lot because that was the last time it was as cold as it was this winter in upstate New York. And I was actually a gas mechanic working in the street at
time and we had over 300 of us in upstate New York. And that number is now down to about 220. So any little incremental -- a job here, a job there, we're down close to a third to where we were 20 years ago, trying to perform the same work.

And what we experienced through the winter months was our members luckily, thankfully were able to respond to the leaks as they're required to by the Public Service Commission. But we also saw spikes in injuries to our members and near misses to our members because of the extended hours in difficult conditions that they were working. So over the long haul, yes, we have lost significant jobs. And are the contract workers that I see out there, they couldn't hire any more if they could. It's a certain skill set that needs to be developed. You can't just go to the corner and grab ten more guys -- mechanics.

ASSEMBLY MEMBER OTIS: I'd just add one more thing beyond the issue of gas, a concern that I have and especially as we've seen these storm events. It is pretty clear that the utility
companies because they've downsized their staff has decreased their ability to respond to these emergencies. And in last year's budget, the Legislature put in language to give the Public Service Commission more authority to certify from the utilities that they are prepared to deal with storm events.

But I'm not sure and I think we need to look at this more closely, that the Public Service Commission is going to be as part of that analysis asking logical manpower questions. Because there is a problem in terms of, you mentioned 20 years ago, if we had just an ice storm and electricity goes out, it used to be you're back on the next day 20 years ago. Now, you're out for three days and it's a manpower issue, as far as I'm concerned. So thank you.

ASSEMBLY MEMBER BRENNAN: Let me just make one more comment. We're lay people. The Public Service Commission has these cases involving directing the utilities to do risk assessments and to gas safety metrics. And then they review the number of violations or the
number of inspections and discuss them. They discuss them in public at their meetings. So sometimes if you, the unions, were participating in more of these cases and advocating for your members obviously and advocating for the public interest; but also helping the legislators understand what they're talking about and whether it's good or bad and whether it's effective or not. The things you bring up, this is not wide public knowledge. And you can help us and help the public as a whole and your members in working with us when the Commission is active in these cases.

MR. SLEVIN: Yes, much agreed, much agreed. I find that the field knowledge, like was said before, it's just something you just don't grab. And I will tell you that even the youngest of my membership to the oldest, there's knowledge and it's not stuff you learn in a classroom. It's not stuff you learn on the job. It's just from time, over time, over time.

ASSEMBLY MEMBER BRENNAN: Alright, thank you.
MR. SLEVIN: Thank you.

MR. CASEY: Thank you very much.

ASSEMBLY MEMBER BRENNAN: Alright, thank you so much, appreciate your testimony. This concludes our Hearing. I thank all the members and Mr. Rodriguez and Senator Perkins for helping get this Hearing going and look forward to working with you. Thank you all.

SENATOR PERKINS: Thank you.

ASSEMBLY MEMBER BRENNAN: The Hearing is concluded.

[OFF THE RECORD]

[ON THE RECORD]

SENATOR PERKINS: ...the process here today. And we have received an important spectrum of information concerning how we can comprehensively approach the issue of gas safety. However, it is very concerning to learn that 22+% of the on-ground-network of gas pipe connectivity flowing beneath all our buildings is leak prone. I submit that we need to prioritize this subset of -- for immediate replacement and look at a range of policy tools at our disposal to bring it
forth with all do speed. In addition, other cornerstone approaches boil down to a question of one -- Technology and Education. Given that we still rely on people’s noses as the primary method of reporting and pinpointing leaks, we need to ensure that everyone knows the universal warning signs and feels compelled to act on them.

I would also strongly contend that we need to move swiftly to install technology, both in our distribution network and in our residences. If we can detect smoke, carbon monoxide, and other dangerous emissions, we should be sure that gas leaks can be flagged and monitored in real time.

The tragedy that happened on 116th Street in Assembly Rodriguez’s district as well as my own, as the State Senator, is what has brought us here today. It is tremendously sad and unfortunate that loss of life precedes our inquiry. But the foundation that we lay today will enhance public safety moving forward. Thank you very much.

ASSEMBLY MEMBER BRENNAN: Thank you
Senator. Appreciate that.

SENATOR PERKINS: Thank you.

ASSEMBLY MEMBER BRENNAN: Alright, once again, thank you all for your presence here and we will look forward to working with you. Thank you.

(The public hearing concluded at approximately 02:45 P.M.)
CERTIFICATE OF ACCURACY

I, Michael Jacobi, certify that the foregoing transcript of Assembly Standing Committee On Corporations, Authorities And Commissions and Assembly Standing Committee On Energy on May 2, 2014, was prepared using the required transcription equipment and is a true and accurate record of the proceedings.

Certified By

[Signature]

Date: May 20, 2014

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