

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

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Department Investigation into)	
Columbia Gas of Massachusetts' responsibility for)	
and response to the September 13, 2018,)	D.P.U. 19-140
Merrimack Valley Incident)	February 10, 2020
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**TESTIMONY OF THE GAS LEAKS ALLIES
ON THE INVESTIGATION INTO THE
MERRIMACK VALLEY INCIDENT OF SEPTEMBER 13, 2018**

I. Introduction

The Gas Leaks Allies submit these comments on the investigations by the Department of Public Utilities (the Department) into the responsibility of Columbia Gas of Massachusetts for, and its response to, the Merrimack Valley incident of September 13, 2018. On that day, over-pressurization in a gas line under construction by Columbia Gas resulted in a series of explosions and fires that damaged or destroyed 131 homes and businesses, as well as the hospitalization of 22 individuals and the death of one young man sitting in a car when a chimney collapsed on the car. In addition, approximately 50,000 residents of the Merrimack Valley were forced to evacuate their homes, some for many weeks and even months where they were compelled to live in trailers or hotel rooms or with relatives and friends, disrupting work, school, and daily life in ways that can never be fully compensated. Those who were able to go home after a few days nevertheless returned to houses that had no cooking facilities and no heat just as winter was approaching. Since the disaster, other gas incidents in Lawrence have further

traumatized a community already profoundly shaken by the unreliability of both the infrastructure and the gas company, continuing to be fearful that it could happen again at any time.¹

We are here to ask that the Department find ways, with necessary action from the Legislature, to apply the penalties you assess against Columbia Gas to be used for the specific benefit of the residents of Merrimack Valley who continue to suffer from these explosions, rather than be credited to ratepayers in general or be absorbed into and swallowed up by the General Fund.

II. Statement of Interest

The Gas Leaks Allies are a collaboration of more than 25 organizations and researchers focused in the short term on reducing methane emissions from the natural gas distribution system in Massachusetts, and in the long term on developing a path for the Commonwealth to transition to fossil-free sources of energy to heat and cool our homes and businesses – necessary to drastically reduce greenhouse gas emissions in the face of the impending climate crisis. To that end, we are working with the Legislature to enact An Act for Utility Transition to Using Renewable Energy ([H.2849, S.1940](#)), (the FUTURE Act,) a bill forged in response to the Merrimack Valley disaster that not only improves safety standards for the gas distribution system but also creates a regulatory structure that would permit gas companies to transition to a business model where they are authorized to develop utility-scale infrastructure to distribute and sell to ratepayers geothermal renewal energy rather than explosive gas.

¹ Risks of the gas system are documented in [Rolling the Dice](#), issued by the Gas Leaks Allies on September 13, 2019, the anniversary of the Merrimack Valley explosions. It contains extensive recommendations to improve the safety of the Commonwealth's natural gas distribution system.

While our members represent a variety of organizations, participants in our work are volunteers. More information about the work of the Gas Leaks Allies can be found at [Gas Leaks Allies](#).

II. Allocation of penalties to fund transition of Merrimack Valley to fossil-free renewable sources of thermal energy.

Because of our mission, the Gas Leaks Allies follow closely what happens in the natural gas distribution system in the Commonwealth. Members of our group therefore responded immediately to the disaster as it unfolded in the Merrimack Valley on September 13, 2018, and in the days, weeks, and months thereafter. Among the actions our members have taken include: donating blankets and warm clothing to those without heat; securing donations of approximately 700 portable induction cooktops distributed to low income residents in Lawrence; persuading the City of Lawrence to approve building permits for the subsidized weatherization program even where water bills and municipal taxes were in arrears; convincing National Grid Electric to translate into Spanish their application for discounts of up to 30% for qualifying low income electric customers; attending and speaking at community meetings where we have developed relationships with local leaders and residents; coordinating responses of other advocacy groups and governmental agencies; and, not insignificantly, providing support to amplify the voices of the Merrimack Valley to ensure they heard beyond the Valley in the media and in the halls of government.

Through this work, we have learned a great deal about the courage, resilience and strength of the residents of the Merrimack Valley – both as individuals and as communities – to respond rapidly and effectively to this traumatic day that will live

forever in their memories. One important takeaway is that most if not all of the residents affected by the gas explosions would be happy to be free of dependence on natural gas to heat their homes and hot water and to cook their food. They just do not have the financial resources and the necessary expertise to retrofit their buildings to transition from explosive gas to other sources of thermal energy – energy that is safe, renewable, and affordable.

The purpose of these investigations by the DPU is to assess the responsibility of Columbia Gas for the explosions in the Merrimack Valley on September 13, 2018, and to determine what are the appropriate penalties for the company’s shortcomings in emergency preparation and restoration of service, as well as what are the appropriate penalties for violations of state and federal gas pipeline safety standards.

We are here to ask the Department to find a way in its regulatory authority to ensure that most or all of the funds from these two penalties are allocated in ways that will directly benefit the residents of the Merrimack Valley.

Instead of crediting to all gas customers in the Merrimack Valley service territories the first penalty of \$20 million and pouring into the General Fund the second penalty of some \$100 million, the Gas Leaks Allies urge the Department to take actions and to make recommendations that would dedicate the proceeds from these substantial penalties into projects in the Merrimack Valley that can transform its buildings to be compatible with the energy demands of the 21st century.

A. Penalty for violating emergency preparation and restoration of service standards.

The first penalty to be assessed against Columbia Gas is for violating the Department's standards for acceptable emergency preparation and restoration of service – for which the Department could assess a penalty of up to \$20 million. The proceeds of this penalty are to be credited back to the gas company's customers in a manner determined by the Department (c. 164, § 1J and §1K).

The easiest way to deal with this penalty is to simply give a rebate to all the customers in the service territories in the Merrimack Valley affected by the September 13 explosions, with the result that all of those customers would see a reduction in their gas bills, either in a lump sum payment or distributed over time pursuant to a schedule of rebates.

But this is not the fairest way to distribute these funds. Not every gas customer in the affected service territories suffered a loss from the explosions. For them, receiving a portion of the penalty would be a windfall. By contrast, for those suffering a loss, such a portion would fall far short of the actual damages incurred. This would be the case even for those to whom Columbia Gas has already made some monetary compensation under the claims process set up in the aftermath of the disaster.

Section 1K of Chapter 164 requires that the penalties assessed under Section 1J be credited to back to the gas company's customers **in a manner determined by the Department.** [Emphasis supplied.] This language gives the Department broad latitude to determine how to allocate the penalty among the gas company's customers, and does not require equal distribution of the funds among all customers. We are not recommending a specific distribution formula here, but rather urging the Department to develop an equitable approach through a simple administrative process that attempts to compensate

those who have suffered the most from the disaster of September 13, 2018. This could include lump sum payments to affected residents and businesses, or even better, credits to residents and businesses to facilitate the purchase of appliances that rely on renewable thermal energy.

B. Penalty for violating gas pipeline safety standards.

The second penalty to be assessed against Columbia Gas is for violating gas pipeline safety standards under state and federal law, for which the Department could levy a penalty in excess of \$100 million. The proceeds of this penalty are to go to the Commonwealth's General Fund. While a \$100 million penalty would be a significant financial punishment against Columbia Gas, \$100 million dropped into the Commonwealth's budget of more than \$44 billion would swiftly disappear into other budget line items and do nothing to improve the lives of the Merrimack Valley residents directly affected by the explosions.

Lawrence is the second poorest city in the Commonwealth, with much of its building stock built about 100 years ago, wired with electrical systems that are seriously below current building codes and not able to meet modern electricity demands. Residents have no choice but to use gas to heat their homes, as using electric heat creates the risk of blown fuses and electrical fires. Having experienced the trauma of September 13 and subsequent smaller gas incidents, they are already living with the fear of more gas explosions, with no desire to add to the mix the possibility of electrical fires.

With ingenuity and creativity, the Department could actively come up with recommendations that the Legislature earmark the proceeds of this penalty for a "deep energy retrofit" of the aging building stock found throughout the Merrimack Valley to

make it compatible with the energy usage needs of the 21st century. The City of Boston with its Carbon Free Boston Report of 2019 has laid out the vision for a similar transformation.² A few examples will suffice: upgrade electrical systems, weatherize walls and windows, install air source heat pumps and heat pump hot water heaters, and install solar panels where feasible. An added benefit is that these projects would create jobs in the renewable energy sector.

There is also the possibility of beginning the transition away from fossil-fuel pipeline infrastructure. The Senate recently passed An Act Setting Next-Generation Climate Policy, [S.2477](#), which contained a provision permitting the Department to authorize pilots proposed by gas companies for the development of utility-scale

² Retrofitting the aging housing stock through reduction of fossil fuels for heating is a priority for the City of Boston. The Carbon Free Boston Report of 2019 lays out the vision: “Achieving carbon neutrality will require Boston’s buildings to be highly efficient and to move away from fossil fuel use for heating and other services. New buildings can be built to the highest possible performance standards, while avoiding the lock-in of fossil fuels. Existing buildings will require deep retrofits that reduce energy consumption and electrify heating systems. This transformation of the building stock will require a synergistic mix of regulatory requirements to drive performance, financial assistance to cover upfront costs where necessary, and workforce training to expand the labor force able to do this work. The design of these programs will need to ensure all communities have access to information, technical assistance, and financial resources. It will also need to prioritize the needs of Boston’s socially vulnerable populations to ensure that they have the opportunity to accrue the benefits that residents of new, efficient buildings have; are able to receive energy efficiency retrofits to their homes that result in lower utility bills; and are not displaced by rising housing costs.”

The Boston Carbon Report goes on to describe a “deep energy retrofit” as follows: “A building retrofit refers to the upgrading of the building envelope, heating and cooling systems, and other equipment and appliances. Retrofits can significantly decrease the GHG emissions from today’s older, energy-inefficient buildings. A deep energy retrofit goes further and seeks to improve the building as a whole, and typically combines measures such as replacing equipment to more energy-efficient models, properly sizing equipment to building loads, air sealing, moisture management, controlled ventilation, insulation, and other measures that reduce energy use while producing optimal building performance. Typically, deep energy retrofits aim to achieve at least 50 percent reduction in energy use per square foot. [Carbon Free Boston Report](#). See Chapter 3, Buildings, pp. 33 and 37.

renewable thermal energy.³ This is another area where funds from the violation of the gas pipeline safety standards could be put to productive use to expedite the transition to non-emitting renewable sources of thermal energy. This project would also provide jobs for steel workers and others.

These kinds of projects are clearly not within the scope of the ordinary work of the Department of Public Utilities. They do, however, present an extraordinary opportunity for the Department to provide the leadership and inspiration needed to encourage the Legislature to earmark these funds for use by the Department's sister agencies under the Secretary of Energy and Environmental Affairs, including MassCEC and the Department of Energy Resources, to make the Merrimack Valley a model not only for the Commonwealth but also for the entire country of how to transform a 19th

³ An Act Setting the Next-Generation Climate Policy, [S.2477](#). Section 46 provides: **The department of public utilities may, upon application of a gas company as defined in section 1 of chapter 164 of the General Laws, authorize 1 or more pilot projects for the development of utility-scale renewable thermal energy.** [Emphasis supplied.] Such application shall be filed with the department on or before Jan. 1, 2023. The department may, under a pilot, approve recovery of costs for projects situated in the commonwealth that demonstrate the costs and benefits of: (i) utility-scale renewable thermal energy sources, systems or technologies capable of substituting for fossil-based natural gas; or (ii) utility-scale renewable thermal energy replacements for, or alternative uses of, infrastructure constructed originally to generate, transmit or distribute fossil-based natural gas; provided, however, that such substitute renewable thermal energy sources, systems or technologies, and such replacements or alternative uses, have a reasonable likelihood of facilitating substantial reductions in greenhouse gas emissions that satisfy the mandates of greenhouse gas reductions set forth in chapter 21N. The department may, within such a pilot, permit a gas company to bill for thermal energy. In determining whether to approve a pilot project, the department shall consider the reasonableness of the size, scope and scale of the pilot project and related budget and whether the benefits of the proposed pilot justify the proposed cost to both participating and non-participating customers; provided, however, that the calculation of benefits shall include calculations of the social value of greenhouse gas emissions reductions. The department shall ensure transparency and validity of the outcomes of such pilots through a third-party evaluation and report by the department of energy resources. The department may promulgate rules or regulations to implement this section.

century city into the safe, healthy, economically stable, and fossil-free future that we aspire to for ourselves, our children, and our grandchildren.

Thank you for the opportunity to provide these comments, and for all that you can do to ensure that the energy needs of the Commonwealth will be met with non-emitting renewable sources of thermal energy.

Respectfully submitted,

Marilyn Ray Smith (signed)

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