

**JOINT STATEMENT OF
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**LAWRENCE, MA FIELD HEARING ON
“PIPELINE SAFETY IN THE MERRIMACK VALLEY: INCIDENT PREVENTION
AND RESPONSE”**

**BEFORE THE
UNITED STATES SENATE
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION**

NOVEMBER 26, 2018

I. Introduction

Good morning Senators Markey, Hassan, and Warren, Representatives Moulton and Tsongas, Representative-Elect Trahan, and members of the Lawrence, Andover, and North Andover communities. We appreciate the opportunity to testify today on behalf of Columbia Gas of Massachusetts (“Columbia Gas”) and NiSource. Because we were both called to testify about the events surrounding the September 13th tragedy in the Merrimack Valley, we are providing this joint written statement of Columbia Gas and NiSource for the record.

We know that the tragic events of September 13th will have a lasting impact on the people, businesses, and communities of Lawrence, Andover, and North Andover. As we talk today about the steps we are taking to respond, we are deeply aware of the suffering, disruption, and unrest this tragedy has caused. We want to offer our deepest sympathies and condolences to the family of Leonel Rondon, the young man who died because of an explosion, and our deepest apologies to those who were injured and to all the residents and business owners of the Merrimack Valley who were impacted by the September 13th fires and explosions. In addition, we want to offer our thanks to the first responders who answered the emergency calls on the evening of September 13th and the gas workers who assisted them. We are grateful for your service and your heroism in protecting the residents of the Merrimack Valley. We also want to acknowledge the leadership of the Massachusetts congressional delegation in the recovery efforts.

The entire Columbia Gas and NiSource team is dedicated to addressing and remediating the damage that has occurred and to helping the community heal.

II. September 13, 2018 And Its Aftermath: Taking Responsibility

On September 13, 2018, Columbia Gas of Massachusetts was conducting a planned gas pipeline modernization project when things went horribly wrong. At 4:04 and 4:05 pm, the Columbia Gas monitoring center received two alarms indicating high pressure within the South Lawrence low-pressure gas system. At 4:06 pm, a controller within the monitoring center alerted the appropriate Columbia Gas personnel to dispatch them to the field. At approximately 4:30 pm, the Columbia Gas team shut down the regulator at issue.

Before services were cut off, gas traveled through the system, leading to over-pressurization with terrible consequences—multiple fires and explosions, many injuries, and, most tragically, a loss of life.

We are here on behalf of Columbia Gas and NiSource to apologize for this tragedy and to acknowledge our responsibility to make things right. We are deeply sorry.

To those who were injured, those who cared or are caring for injured loved ones, and those whose homes or businesses were damaged or destroyed because of the fires and explosions, we recognize the distress and hardship this has caused in your lives.

We know that the daily routines of many have been disrupted as a result of the over-pressurization and subsequent restoration efforts—from the elderly resident living alone in Andover with unfamiliar appliances, to young families in Lawrence with longer commutes to work and school, to business owners in North Andover who are not open and fear their customers may simply move on. We have heard from you and recognize your challenges and struggles. And we are working around the clock to make things better.

We also know an apology is not enough. We know it is too early to ask any of you to trust us, but we want to reaffirm our responsibility and commitment to repair the damage safely and as quickly as possible. In the days and months ahead, we hope to prove our commitment to you.

III. Broader Safety Measures

The National Transportation Safety Board (“NTSB”) is investigating the cause of the September 13th tragedy, and we are cooperating with that investigation. The NTSB’s work continues, but we want to be clear—we are **not** waiting for the NTSB to issue its final report or for new regulations. We are proactively identifying actions we can take now to make sure that something like this never happens again.

After September 13, we suspended construction work on low-pressure systems, only performing work necessary for compliance and safety. Since then, we have identified additional ways to make our low-pressure systems safer and reduce the risk of over-pressurization. We are also taking steps to respond to and execute on the NTSB’s safety recommendations.

As part of this effort, we continue to evaluate opportunities to engineer fail-safe measures in our gas delivery systems. We have already committed to invest approximately \$150 million to achieve the following infrastructure improvements:

- **OVER-PRESSURE PROTECTION DEVICES:** We will be installing automatic pressure control equipment, referred to as “slam-shut” devices, on low-pressure systems across our seven-state operating area. These devices provide an additional level of control and protection. They operate like circuit-breakers; when they sense operating pressure that is too high or too low, they shut down the flow of gas to the system, regardless of the cause. These devices operate independently of other pressure control devices, so they will automatically shut down the system to prevent over-pressurization.
- **REMOTE MONITORING:** As an additional layer of protection, we will install remote monitoring devices on low-pressure systems so that gas control centers have an ability to receive pressure alarms on a real time basis. In the event a system is shut down by the “slam-shut” devices described above, the remote monitors will enable us to respond more quickly to restore service to customers.

This commitment is in addition to the series of steps we took across our seven-state footprint following the September 13th event in the Merrimack Valley, including:

- **SUSPENDED WORK:** We suspended work on low-pressure systems, only performing work necessary for compliance and safety. We are still operating under these strict work guidelines.
- **FIELD SURVEY:** We initiated and completed a field survey of our low-pressure regulator systems to identify available options to enhance the safe, reliable operation of regulator station equipment.
- **ENGINEERING DESIGN:** We initiated an engineering design review of regulator stations to determine how best to install additional over-pressure protection systems.
- **MAPPING:** We used the information from the field survey we conducted to begin adding new details to our electronic mapping system. Additionally, we are providing maps at the regulator stations themselves.
- **DAMAGE PREVENTION:** We have initiated a process so that when we are notified of work near a regulator station by any company performing excavation, NiSource personnel will be required to be present to observe any excavation.

In addition, we will continue to modernize our system in Massachusetts and elsewhere, replacing cast-iron and bare-steel pipes with more modern materials.

IV. Customer Assistance and Claims

We have worked diligently since the tragedy to address residents’ immediate needs and to establish a process to reimburse them for their losses. Within six hours of the explosions, we established a dedicated customer service line. Within 48 hours, we opened our first claims center in Lawrence, followed by two additional claims centers in Andover and North Andover. As of November 21, we have had over 18,000 customer visits to these centers and have nearly

400 adjusters supporting the claims process. These figures, and some of the other figures throughout this statement of our companies, are best estimates as we continue our work.

Families visiting the claims centers can receive direct financial aid to help address immediate needs for food and supplies while they begin to work with claims personnel. But, we also recognize that many residents need more than monetary compensation. We bought temporary cooking equipment and worked with fire officials to make sure residents who received the equipment had proper safety information. We inspected thousands of homes to see if they could utilize space heaters. We installed space heaters in the homes that could support them and added smoke and carbon monoxide detectors in the homes we inspected. We have installed (or provided reimbursement for) alternative fuel solutions so that residents could have heat and hot water before the restoration of natural gas service in order to remain in their homes.

We have secured temporary housing for displaced residents, including hotel rooms, apartments, travel trailers, a congregate shelter, and even a pet shelter. We brought in offshore housing for workers leading the effort to restore gas service, so that customers could be placed in temporary housing that is closer to their homes and places of work. We are providing transportation assistance, in the form of either mileage reimbursement or access to our corporate accounts with Uber or Lyft. We are also providing winterization assistance to homes that have not yet had heat restored. We recognize there is no substitute for living in your own home and in your own community, and we continue to seek to identify additional avenues to minimize the burden.

We recognize that the impacted communities will have needs that go beyond this assistance. For that reason, we committed \$10 million to the Greater Lawrence Disaster Relief Fund in the days following the event. This fund is managed by the leadership of Lawrence, Andover, and North Andover. The Fund has helped serve the short and medium term needs of impacted residents, including housing, sustenance and support services. And, as we recently announced, we are providing an additional \$10 million to support business recovery efforts in the Merrimack Valley. In coordination with state and local officials and community organizations, this includes direct technical support, funds for municipal discretion for business support, and longer-term regional support for economic development.

We know that our customers have been frustrated by the flow of information and by changes to our restoration and claims plans. We recognize we need to do better and are working to improve our communications. We now have a more robust customer communications program to keep affected customers informed and we are sending regular updates through several communication channels. The communications program includes, among other things, direct mail, a weekly customer newsletter, an interactive map of our work schedules on our website, a 24/7 helpline, paid ads, and social media posts. We also have participated in six town hall/open-house sessions in the three affected communities, where we heard directly from customers and provided resources to help resolve their issues.

In addition to the channels mentioned above, we are making personalized phone calls, leaving notices on doors, and have appointed a dedicated spokesperson whose sole role is to communicate with the public through the media. We are also making communications in both English and Spanish.

We are also taking targeted steps, like reaching out proactively to customers in communities that may not receive communications regularly through the other channels discussed above.

We have hosted special events for the affected communities on Halloween and Thanksgiving. On Halloween, we held Operation Trick or Treat, which provided bags and candy to children in Andover and North Andover, and made it possible for over 1,100 children to go trick or treating in their temporary housing locations. For Thanksgiving, we are planning to provide more than 16,000 holiday dinners to customers, their families, and friends.

V. Restoration of Service

Following September 13th, our first priority has been to assist the communities affected by this tragedy. These efforts were designed with the primary purpose of helping get the Lawrence, Andover, and North Andover communities back on their feet. We have not done this alone. NiSource and Columbia Gas are grateful for the work of retired Navy Captain Joe Albanese, who was appointed by Governor Baker to lead the recovery effort in partnership with Columbia Gas and NiSource. We are also grateful for the work of Rear Admiral Richard Cellon, who is assisting Captain Albanese. We would also like to express our gratitude to Governor Baker, Lieutenant Governor Polito, Attorney General Healey, Adjutant General of the Massachusetts National Guard Keefe, Massachusetts Emergency Management Agency Director Schwartz, Senators Markey and Warren, Representatives Moulton and Tsongas, Representative-Elect Trahan, Lawrence Mayor Rivera, Andover Town Manager Flanagan, North Andover Town Manager Maylor, Eversource, the more than 450 mutual aid workers from utilities across the country, and as noted earlier, the first responders from the Merrimack Valley and surrounding areas.

The over-pressurization created a significant risk of damage to Columbia Gas's facilities as well as customer-owned house-lines and appliances that typically only receive gas at low pressure. As a result, Columbia Gas could not safely just turn the gas back on at low pressure. Potential damage to main lines, services lines, and in-home natural gas systems and appliances all needed to be assessed and addressed.

This restoration work is complex, and we are undertaking it at what is an unprecedented scale. We recently announced the overall cost could exceed \$800 million. That amount includes pipeline and gas service restoration, relief measures, and third-party damages.

Two initial observations about the restoration process. First, we have prioritized restoring gas service to our most vulnerable customers—the elderly, individuals with disabilities or health concerns, and young children—even when that slowed the overall pace of restoration. Our efforts to meet the needs of those vulnerable populations have been valuable, but do not eclipse the fact that much work remains to be done to completely restore the communities of Lawrence, Andover, and North Andover. Second, due to the complexity and scale of this work, we have committed to evaluating and adapting our approach as the restoration program has progressed so that we implement lessons we have learned along the way.

We refer to the first component of the restoration process as “Gas Ready”: The complete replacement of approximately 45 miles of low-pressure bare steel and cast-iron pipeline with state-of-the-art plastic mains and distribution lines. Customers will have noticed the replacement of the gas mains, which run down their streets, as well as the service lines, which connect the gas mains to their homes.

This portion of the project was completed on October 30, 2018, ahead of schedule. Our thanks go out to the individuals who worked tirelessly to install this state-of-the-art infrastructure safely and efficiently and who saw this step of our restoration efforts to completion.

The second component of the project, which we refer to as “House Ready,” involves repairing and replacing appliances and other natural gas infrastructure and equipment in customers’ homes. This process begins with an assessment of each home to determine the condition of all gas appliances and infrastructure, along with issues such as lead paint or non-code configurations that could affect work on the structure. Once necessary repairs and replacements have been made, the house will be inspected for safety.

As part of the “House Ready” process, Columbia Gas has committed to replace essential natural gas appliances and equipment for impacted residential customers. (Other gas appliances will be replaced through the claims process.) Where possible, we are installing energy efficient equipment and appliances. We initially planned to do these replacements as part of the process of restoring gas service to a home. However, in order to restore heat and hot water to customers as quickly as possible, we have recently begun repairing equipment where we can safely do so, and will return later, after winter, to replace it with new, modern equipment.

Columbia Gas brought on a major contractor to complete the “House Ready” process on the original timeline, which aimed to restore gas service to all impacted customers by November 19, 2018. Unfortunately, the “House Ready” process has taken longer than expected. The contractor ran into significantly more issues within the homes than anyone anticipated. Each home is unique and requires a tailored solution, with different heat and hot water systems, hazards, code issues, and layouts. We have also run into a significant number of homes in the restoration area with environmental issues, such as mold or asbestos, which required remediation before any work could be done.

To address the challenges we encountered in the “House Ready” process, we have brought on three additional contractors, one dedicated solely to business customers, the other two to residential homes. Additionally, as we described before, we shifted our focus to repair any heating or hot water equipment where it could be safely repaired. We have also been able to significantly increase the number of plumbers working to restore service. Information about the revised schedule, as well as the appliances we will provide, is available on our website.

Our business contractor leads an effort we refer to as “Back to Business,” in which a project manager is assigned to each affected company. The project manager leads a team, including a claims adjuster who aims to expedite the claims approval process for businesses.

Residential and business customers also have the option to self-mitigate and seek reimbursement through the claims process; advances to fund repairs can also be obtained.

As of November 20, we have completed the replacement of approximately 45 miles of gas pipeline and over 5,000 service lines. That has allowed us to restore service for 5,592 residential meters and 602 business customers – 76% and 87% of the total residential meters and business meters. We deeply regret that we have had to extend the anticipated timeline for gas restoration to between December 2 and December 16. But we are pleased to report that we continue to beat our daily goals of making homes “House Ready,” and we are currently on track to restore heat and hot water in the early part of that date range.

Our commitment to the Merrimack Valley will not end once gas service is fully restored. We will continue to assist customers in filing claims in the wake of this event to address the needs of homes and businesses in the affected communities, including by coming back after the winter season to replace appliances that were initially repaired and completing paving and other work necessitated by the restoration-related construction.

VI. Conclusion

We are humbled by the optimism and determination of our customers not to allow this tragedy to disrupt their lives any more than it has, but we know we have to do more, and we have to do it faster. The Merrimack Valley has a long road to recovery ahead. Our entire company is committed to working with you to advance that recovery. We know this work is, and will be, the most important duty of our professional careers. We are going to get you back in your homes and businesses. We are going to make the Merrimack Valley gas system safer than ever. And we are going to be here, working with you. Thank you.

VII. Witness and Columbia Gas of Massachusetts Background

Joe Hamrock. Since 2015, Joe Hamrock has served as President and CEO of NiSource, Inc., which operates seven subsidiary natural gas and electric utilities, including Columbia Gas of Massachusetts. He earned a bachelor’s degree in Electrical Engineering at Youngstown State University and began his career as an electrical engineer. Hamrock later attended business school here in Massachusetts, at MIT, and transitioned into management, which led eventually to his role as President and Chief Operating Officer of American Electric Power of Ohio. From AEP, Hamrock joined NiSource in 2012 as an Executive Vice President and Chief Executive Officer of the Gas Distribution Segment, before being appointed CEO of NiSource in 2015.

Steve Bryant. Steve Bryant is the President of Columbia Gas of Massachusetts. He is a native of Massachusetts, having grown up in Somerville, and has worked in the utility field in the Northeast for his entire adult life. After high school, Steve joined Commonwealth Energy as a mail boy, and later attended UMass Boston, where he earned a bachelor’s degree in economics. After college, Steve held a variety of positions at Commonwealth in the rates, customer operations, and sales departments. During that time, he attended Boston University’s Graduate School of Management, where he earned a master’s degree in business administration. Eventually he became a vice president at Connecticut Natural Gas, and from there, joined Columbia Gas in 2001 and was promoted to his current position in 2003.

Columbia Gas of Massachusetts and its predecessors have been serving the energy needs of New Englanders for more than 160 years. In 1847, the Springfield Gas Light Company was

founded to light the city's streets, and it has been supplying gas heating to buildings since 1878, later under the name Bay State Gas, and eventually as Columbia Gas of Massachusetts. The company is proud of its long history serving the people of Massachusetts.