

PA 14-152

HB5410

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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Those voting Nay 0

Those absent and not voting 6

DEPUTY SPEAKER SAYERS:

The bill passes. Will the Clerk please call
Calendar 209.

THE CLERK:

Madam Speaker, on Page 15 of today's House
Calendar Number 209, Favorable Report of the Joint
Standing Committee on Energy and Technology,
Substitute House Bill Number 5410 AN ACT CONCERNING
LOST AND UNACCOUNTED FOR GAS.

DEPUTY SPEAKER SAYERS:

Representative Reed.

REP. REED (102nd):

Good afternoon, Madam Speaker. I move acceptance
of the Joint Committee's Favorable Report and passage
of the bill.

DEPUTY SPEAKER SAYERS:

The question is acceptance of the Joint
Committee's Favorable Report and passage of the bill.
Representative Reed, you have the floor.

REP. REED (102nd):

Thank you, Madam Speaker. The Clerk has in his
possession an amendment, LCO 3751. I request that he

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be asked to call it and that I be allowed to
summarize.

DEPUTY SPEAKER SAYERS:

Will the Clerk please call LCO Number 3751, which
will be designated House Amendment Schedule "A".

THE CLERK:

LCO Number 3751, House Amendment "A", offered by
Representatives Reed, (inaudible), Hoydick and Chapin.

DEPUTY SPEAKER SAYERS:

The Representative seeks leave of the Chamber to
summarize the Amendment. Is there any objection to
summarization? Is there any objection? Hearing none,
Representative Reed, you may proceed with
summarization.

REP. REED (102nd):

Thank you, Madam Speaker. This is a strike-all
Amendment that becomes the bill. The purpose of this
Amendment is to direct PURA, the Public Utility
Regulatory Authority to monitor and encourage further
reductions in the amounts of natural gas leaks from
our natural gas distribution infrastructure. I move
adoption.

DEPUTY SPEAKER SAYERS:

The question before the Chamber is adoption of House Amendment Schedule "A". Will you remark on the Amendment? Representative Hoydick of the 120th.

REP. HOYDICK (120th):

Thank you, Madam Speaker. A few questions to the proponent of the bill.

DEPUTY SPEAKER SAYERS:

Representative Reed, please prepare yourself.

Representative Hoydick.

REP. HOYDICK (120th):

Through you, Madam Speaker, Representative Reed, the bill was changed in the Amendment from a docket to a report. Could you explain why?

DEPUTY SPEAKER SAYERS:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker, yes. We actually were beginning to model our approach to this whole problem based on what other states were doing, and when we looked at their baseline of three percent loss, we suddenly discovered that our gas companies have been doing a very good job on reducing the amount of leakage that they have in their systems. It was already below three percent.

So as the fine Representative from Stratford knows, we're now expanding our natural gas system and we want to encourage replacement of infrastructure and tightening up of the system. But it became really clear that PURA needed to do a report every year and not a docket.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you. I thank the Co-Chair from Branford for her remarks and am curious to know, is a docket less expensive than a report or vice-versa? Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Reed.

REP. REED (102nd):

Through you, Madam Speaker, excellent point. A docket is much more expensive than a report, and we actually, as you know, have in the bill, the ability to have a docket is the leakage exceeds three percent as they monitor it and issue a report to us every year, so a report unless a docket is necessary.

Through you, Madam Speaker.

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DEPUTY SPEAKER SAYERS:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. And I thank Representative Reed for including that cost efficiency in this bill. We very much appreciate it.

Just a few more questions. So I believe the Representative mentioned what the line loss is currently and if she could just recap that for us again.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Reed.

REP. REED (102nd):

I'm sorry, Madam Speaker, I didn't hear exactly the question. Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Hoydick, would you please repeat the question.

REP. HOYDICK (120th):

Yes, ma'am. I referred to it as what the current line loss is, or the lost gas through the lines, what it currently is now and if the good Chairwoman would also state again what triggers the docket, the

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percentage that triggers the docket, I would appreciate it.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Reed.

REP. REED (102nd):

Thank you. Through you, Madam Speaker, so the current losses are down to, I think for Connecticut Natural Gas .95 percent and for Southern Connecticut Gas .46 percent when it was last measured. So again, excellent news.

If it approaches three percent, which is a considerable bump, that triggers the docket.

Through you, Madam Speaker.

DEPUTY SPEAKER SAYERS:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you very much for the answers, and I encourage my colleagues to support this Amendment and the bill.

DEPUTY SPEAKER SAYERS:

Will you remark? Will you remark further on the Amendment that is before us?

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If not, I will try your minds. All those in
favor signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER SAYERS:

All those opposed, nay? The ayes have it. The
Amendment is adopted. Will you remark further on the
bill as amended? Will you remark further on the bill
as amended?

If not, will staff and guests please come to the
Well of the House. Will members please take your
seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll.
Members to the Chamber immediately.

The House of Representatives is voting by Roll.
Members to the Chamber immediately.

DEPUTY SPEAKER SAYERS:

Have all the members voted? Have all the members
voted? Please check the board to see that your vote
has been properly cast.

If all the members have voted, then the machine
will be locked and the Clerk will take a tally. The
Clerk will announce the tally.

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THE CLERK:

Madam Speaker, House Bill 5410 as amended by
House "A".

Total number voting	145
Necessary for passage	73
Those voting Yea	145
Those voting Nay	0
Those absent and not voting	5

DEPUTY SPEAKER SAYERS:

The bill as amended passes. The House will stand
at ease.

(Chamber at ease.)

The House will come back to order. Will the
Clerk please call Calendar Number 240.

THE CLERK:

On Page 17, House Calendar Number 240, Favorable
Report of the Joint Standing Committee on Commerce,
House Bill Number 5407 AN ACT CONCERNING MINOR AND
TECHNICAL CHANGES TO COMMERCE RELATED STATUTES.

DEPUTY SPEAKER SAYERS:

Representative Perone.

REP. PERONE (137th):

Madam Speaker, I move for acceptance of the Joint
Committee's Favorable Report and passage of the bill.

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GENERAL ASSEMBLY
SENATE**

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SENATE

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May 7, 2014

SENATOR LOONEY:

Thank you, Mr. President. Moving now to Calendar Page 7, Calendar 345, House Bill 5443, move to place on the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar Page 9, Calendar 417, House Bill 5410, move to place on the Consent Calendar.

THE CHAIR:

So ordered.

SENATOR LOONEY:

Thank you, Mr. President. Moving to Calendar Page 10 where there are three items. The first, Calendar 420, House Bill 5258, move to place on the Consent Calendar.

THE CHAIR:

(The President in the Chair.)

So ordered, sir.

THE CHAIR:

Oh, thank you, Madam President. Madam President, Calendar Page 10, Calendar 421, Calendar 5263 move to place on the Consent Calendar.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

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Calendar 334, House Bill 5339.

Calendar 336, House Bill 5056.

On Page 7, Calendar 345, House Bill 5443.

On Page 9, Calendar 417, House Bill 5410.

On Page 10, Calendar 420, House Bill 5258.

Calendar 421, House Bill 5263.

Calendar 424, House Bill 5439.

On Page 11, Calendar 429, House Bill 5581.

On Page 12, Calendar 445, House Bill 5418.

Calendar 438, House Bill 5336.

On Page 13, Calendar 453, House Bill 5133.

Calendar 446, House Bill 5150.

Calendar 452, House Bill 5531.

On Page 14, Calendar 457, House Bill 5516.

Calendar 455, House Bill 5325.

Calendar 456, House Bill 5440.

Calendar 459, House Bill 5321.

Calendar 461, House Bill 5140.

On Page 15, Calendar 468, House Bill 5450.

Calendar 465, House Bill 5341.

On Page 16, Calendar 474, House Bill 5337.

Calendar 469, 5538.

Calendar 473, House Bill 5328.

On Page 17, Calendar 496, House Bill 5115.

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SENATOR LOONEY:

If we might pause for just a moment to verify a couple of additional items.

Madam President, to verify an additional item, I believe it was placed on the Consent Calendar and Calendar Page 30, on Calendar Page 30, Calendar 592, Substitute for House Bill 5476.

THE CHAIR:

It is, sir.

SENATOR LOONEY:

It is on? Okay. Thank you. Thank you, Madam President. If the Clerk would now, finally, Agenda Number 4, Madam President, Agenda Number 4 one additional item ask for suspension to place up on Agenda Number 4 and that is, ask for suspension to place on the Consent Calendar an item from Agenda Number 4.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Madam President, and that item is Substitute House Bill Number 5566 from Senate Agenda Number 4.

Thank you, Madam President. If the Clerk would now, if we might call for a vote on the Consent Calendar.

THE CHAIR:

Mr. Clerk. Will you please call for a Roll Call Vote on the Consent Calendar. The machine will be opened.

THE CLERK:

An immediate Roll Call has been ordered in the Senate.

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An immediate Roll Call on Consent Calendar Number 2 has been ordered in the Senate.

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed. Mr. Clerk will you please call the tally.

THE CLERK:

Consent Calendar Number 2.

Total number voting	36
Necessary for adoption	19
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

The Consent Calendar passes. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Two additional items to take up before the, our final vote on the implementer. If we might stand for just, for just a moment.

The first item to mark Go is, Calendar, to remove from the Consent Calendar, Calendar Page 22, Calendar 536, House Bill 5546. If that item might be marked Go.

And one additional item, Madam President, and that was from Calendar, or rather from Agenda Number 4, ask for suspension to take it up for purposes of marking it Go, that is House Bill, Substitute for House Bill 5417. Thank you, Madam President.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**ENERGY AND
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SENATOR DUFF: Yeah, we know that renewable is just controversy free, just like it does wind regulations. It's breezing right through there. No pun intended. Any other questions from members of the Committee? If not, thank you.

HENRY TALMAGE: Thank you.

SENATOR DUFF: Gregg, followed by Roddy, followed by Shaun.

GREGG THERRIEN: Good afternoon, Senator Duff, Representative Reed and members of the Energy and Technology Committee. UIL Holding Corporation on behalf of its gas operating companies, Connecticut Natural Gas and Southern Connecticut Gas, appreciate the opportunity to offer these comments in opposition to House Bill 5410 AN ACT CONCERNING GAS COMPANIES RECOVERY OF LOST AND UNACCOUNTED FOR GAS.

My name is Gregg Therrien and I'm director of Regulatory and Tariffs for CNG and Southern and to my right is Mr. Robert Jalette, Director of Gas Engineering for CNG and Southern.

We just have a few bullet points to add in conjunction with the filed testimony that we made earlier today.

First of all, the reduction of methane gas emissions into the atmosphere is a laudable goal. We agree that we should do things to reduce that.

The issue that we have with the proposed legislation is that based on looking at a very complex formula called Lost and Unaccounted for Gas, which takes into account a lot of other things in this formula, such things as meter reads, accounting entries. This is actually

about calculation. I think it goes to Column 8C or something like that.

The point being is that what we really want to focus on is real molecules going into the atmosphere, not things such as meter reading or pressure issues or line pack or things that occur without actual molecules going into the atmosphere.

So our issue with the bill is that it is based on providing calculation based on this very complex calculation.

So as I said, the focus should be on true lost gas and not unaccounted for gas. So look at lost and unaccounted for as two pieces, a gas that's lost and gas that's unaccounted for.

So let's focus on the first, lost gas. Just as a point of reference, CNG and Southern's LUF percentage over the past five years have been declining, so we recognize this as an issue and we are doing things in our operations to help reduce lost and unaccounted for gas.

What we believe that this bill should focus on is accelerating aging infrastructure replacement, and in the gas company world, that's cast iron and bare steel. So those are older pipes that have been in the press, have been in the news over the years and these are most likely to contribute to methane gas emissions.

And we have a program at let's take Connecticut Natural Gas for instance. We've had a 50-year program in place, and just recently PURA approved a mechanism, a rate-making mechanism for CNG to accelerate the spending to bring that remaining 31 years of that program down to

20. We think that's the right type of things to do.

If the Legislature wants to make that state policy, it should do that through this legislation. Otherwise, we think this complex calculation is not the way to go. Any questions?

SENATOR DUFF: Thank you. We appreciate it.
Representative Reed.

REP. REED: Yes. Good to see you. Well, and I think we're going to appreciate working with you because I think that's what we were going for essentially.

You know, it feels like an opportunity that we're going to bring gas to more businesses and more people to upgrade the infrastructure and I know Senator Duff and I have been at several union halls watching the training going on, so it means a lot of jobs as well.

And so I think we felt that we wanted to create an optimal system, solve those problems, and this might be an incentive to help make that happen.

GREGG THERRIEN: Well, it's interesting you bring up gas expansion because in the lost and unaccounted for calculation, gas expansion actually hurts you, because when you install a new mile of main, you have to energize that main full of gas.

And it's like a buffer. We call it line pack in the business. Once that line pack is established, then the gas will flow through meters, but that initial line pack has to stay in the system. It will be replaced, but that mile of main needs to be filled. That's

actually unaccounted for gas because we really don't bill it.

So as we embark on this really historic expansion of the system is where just between CNG and Southern we're putting in almost 50 miles a year of new main, we will have lost and unaccounted for gas go up. That doesn't mean it's going in the atmosphere. So let's focus on the right things, which is replacing cast iron and bare steel where the molecules actually to go up into the air.

REP. REED: Very good point. And as we all know, the more we think we know about energy, the more we find out that we have to know more details, so we really appreciate your input.

GREGG THERRIEN: If I may, one last point I forgot to mention. Over 30 states have infrastructure replacement, either legislation or mechanisms to help gas companies accelerate their spending. Thank you very much.

SENATOR DUFF: Thank you, and I think we'll look for ways in which we can work with you this because we will also listen to the testimony of people who are for the bill and hopefully we can come to strike the right balance that does the intended goal without some unintended consequences.

GREGG THERRIEN: Exactly. Thank you.

SENATOR DUFF: All right. Any other questions? No? Thank you.

GREGG THERRIEN: Thank you.

SENATOR DUFF: Roddy.

RODDY DIOTALEVI: Good afternoon, Senator Duff, Representative Reed, and members of the Energy

AB5412

HB5411
HB5412

STEPHEN GIBELLI: Good afternoon, Co-Chairs, members of the Energy and Technology Committee. My name is Stephen Gibelli and I'm Assistant General Counsel for Northeast Utilities. With me today is Ed Davis, Manager of Rates for Northeast Utilities and Brett Factora, Manager of Engineering for Yankee Gas.

I'm here to testify on several bills that are before the Committee today. First, regarding Raised Bill 356, NU supports ~~356~~, which provides PURA with the ability to financially penalize those engaged in sub-metering for their failure to comply with PURA's statutes, regulations, or court orders, many of which protect our customers.

With respect to Bill, Raised Bill 5410, this bill requires PURA to adopt regulations to specify the manner in which a gas company can calculate and recover its costs for lost and unaccounted for gas.

All entities in the natural gas industry have this issue of lost and unaccounted for gas. Lost and unaccounted for gas has a variety of causes, one of which is due to simple physics because gases are more difficult to measure than liquids, since measured gas volumes are highly affected by temperature and pressure.

Lost and unaccounted for gas can also come from stolen gas, line pack and leaks, as Mr. Therrien testified to this morning. In terms of leak management, Yankee Gas has a robust, leak mitigation plan. The company also initiated a significant aging infrastructure program in 2011 and is spending \$40 million annually to retire cast iron and bare steel pipe from its system.

Yankee Gas' unaccounted for gas loss has been declining for five years and should continue to decline even further. Instead of new legislation, PURA could open a new docket to investigate this issue and determine with the gas companies, what can be done to improve the measurement and reduce lost and unaccounted for gas, and what the cost associated with such measures would be.

Regarding Raised Bills 5411 and 5412, we are concerned, because both of these bills will shift costs to other customers in our system.

Raised Bill 5411 would allow a nonprofit entity to aggregate not more than ten electric meters for which it's billed. This proposal would result in decreased revenue from the meters that are being aggregated and the utilities would incur added costs to modify its billing system to accommodate this proposal.

Since the utilities re cover their cost to serve, this would result in all other customers subsidizing the nonprofit.

Similarly, Raised Bill 5412 shifts costs incurred to serve one set of customers to all of our other customers. This bill provides for the development of another new virtual net metering program to reduce or eliminate generation, transmission and distribution for customers participating in the program.

Under this proposal, the cost to serve customers participating in this program are still there, since the electricity must still be delivered to the customer's physical location.

Since the participating customer would be paying less than the actual cost to serve the

LAUREN SAVIDGE: Thank you, Senator Duff, Representative Reed and members of the Committee. My name is Lauren Savidge and I am a staff attorney with Connecticut Fund for the Environment. We submitted written testimony on a number of bills before you today, but would like to focus on one in particular.

We strongly support House Bill 5410 AN ACT CONCERNING NATURAL GAS COMPANIES COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS. Currently, natural gas companies are allowed to recover the cost of all gas that is lost and unaccounted for in the system directly from ratepayers, and this includes gas lost in leaks, for metering errors, accounting issues, (inaudible) and other issues.

Essentially, the model that's in place now provides a disincentive for utilities to fix leaks in the system because they can recover those costs. This bill would require PURA to set a cap on the amount of recoverable loss or unaccounted for gas. Anything over that cap is not recoverable, but if they have lost gas below that cap, then they would be allowed to keep the amount of unused gas cost as a bonus for doing better than expected.

This incentive model has been effective an in place in New York since 1990. They did it in response to price volatility and the Department of Public Service down there estimates that it saves ratepayers approximately \$48 million annually in the cost of gas.

Gas leakage is an increasingly important issue, especially in light of the natural gas expansion in our state. Not only does methane have negative climate change impacts, is redeemed as greenhouse gas, but it also costs ratepayers money.

I heard and appreciate the testimony of UIL and NU and the natural gas companies do have replacement programs for cast iron and bare steel mains, and this is effective at addressing leaks, but only in a portion of the natural gas distribution system.

There are still leaks on state-of-the-art pipes. In fact, in Connecticut Natural Gas' recent rate case, they estimated approximately 375 Class 3 nonhazardous leaks that were on state-of-the-art newer pipes alone and these are leaks that are not addressed in the replacement program, and an incentive like this bill provides would address leakage throughout the entire system.

And we thank you for your time on this matter and I'm happy to answer any questions that you may have.

REP. REED: Thank you. When you were listening to the testimony, did you find any place where there could be a meeting of the minds where you could work together coming up with language that worked for everybody?

LAUREN SAVIDGE: Yes, I definitely think we could work together and I think there is a lot of value in the utilities' insight into exactly how lost and unaccounted for gas is calculated and we'd be happy to have further conversations.

REP. REED: Thank you. Any other questions? Thank you very much for your testimony.

LAUREN SAVIDGE: Thank you.

REP. REED: Joe Wrinn to be followed by Deb Chamberlain. Good afternoon.

right to request a service representative in the State of Connecticut if requested.

This is to mention only a few of the areas that deserve protective legislation that could be brought forth by this Committee.

In conclusion, this Legislative Committee should hold hearings on the proposed sale of AT&T wireline services in the State of Connecticut to Frontier Communications. This is a major undertaking with unparalleled consequences if not properly vetted to answer everyone's concerns prior to the sale.

Thank you for giving me this opportunity to give my testimony this evening, and on behalf of the telephone workers of the State of Connecticut, I thank you for all your hard work.

REP. REED: Thank you so much for your testimony. Any questions for Bill? Thank you very much. Good to see you.

WILLIAM HENDERSON: Thank you.

SENATOR DUFF: We're noting for the record Bill Henderson is for the bill.

REP. REED: And that Frontier is going to be in New Haven and Stamford, so you can go there easily. Bill Dornbos.

WILLIAM DORNBOS: Good evening. Another Bill.

REP. REED: Good evening.

WILLIAM DORNBOS: Representative Reed, Senator Duff and Committee members, I am here on behalf of Environment Northeast and we have submitted written testimony supporting three bills, S.B. 134, S.B. 357 and H.B. 5410. I'd like to focus

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STANDING
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HEARINGS**

**ENERGY AND
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2014



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**TESTIMONY OF ENE (ENVIRONMENT NORTHEAST)
BEFORE THE ENERGY AND TECHNOLOGY COMMITTEE**

Rockport, ME
Boston, MA
Providence, RI
Hartford, CT
Ottawa, ON
Canada

Supporting:

**Proposed S.B. No. 134, An Act Appropriating Funds to the Clean Energy
Finance and Investment Authority**

**S.B. No. 357, An Act Concerning Energy Efficient Building Standards and
Product Efficiency Standards**

**H.B. No. 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and
Unaccounted for Gas**

March 4, 2014

William E. Dornbos, ENE Connecticut Director

Honorable Chairpersons and Committee Members

ENE (Environment Northeast) appreciates this opportunity to provide written testimony to the Energy and Technology Committee on the three bills referenced above.

ENE is a non-profit organization that researches and advocates innovative policies that tackle our environmental challenges while promoting sustainable economies. ENE is at the forefront of efforts to combat global warming with solutions that promote clean energy, clean air and healthy forests.

**S.B. 134 – An Act Appropriating Funds to the Clean Energy Finance and Investment
Authority (“CEFIA”)**

ENE’s position: Strongly supports This appropriations bill would remedy the planned FY15 fund sweep of \$19 million from CEFIA that passed in the last legislative session. ENE has long taken the position that each of the state’s important energy-related investment funds – the Clean Energy Fund (CEFIA’s successor fund), the Energy Efficiency Fund, and auction revenues from the successful Regional Greenhouse Gas Initiative (“RGGI”) – should not be used for general budgetary needs.

In this case, the planned FY15 sweep is particularly unfortunate because it will trigger a domino effect that will deprive the Energy Efficiency Fund of significant RGGI revenues at a time when the state’s award-winning and cost-effective efficiency programs are ramping up to dramatically expand customer access in all sectors – residential, industrial, and commercial. RGGI revenues are especially valuable to the efficiency programs because they can be used more flexibly than revenues provided by the statutory ratepayer charges. In the past, for instance, RGGI revenues have primarily been used to provide much needed efficiency measures for oil heat customers.

If the FY15 sweep goes uncorrected, it will risk setting a bad precedent for other RGGI states, which may also be tempted by their general budgetary needs to engage in similar diversions. As the nation's first market-based carbon pollution cap, RGGI has delivered tremendous economic, consumer, and environmental benefits to its member states – for instance, over \$2 billion in lifetime energy bill savings for more than 3 million participating households and more than 12,000 businesses in the region.¹

S.B. 134 will help protect these benefits and also allow the allocation of Connecticut's RGGI auction proceeds to return to its most effective baseline setting, in which almost 70% of those proceeds are invested directly in the state's cost-effective energy efficiency programs

S.B. 357 – AAC Energy Efficient Building Standards and Product Efficiency Standards.

ENE's position: Support, with one recommended modification This bill would allow Connecticut municipalities to exceed the existing State Building Code and place more stringent energy efficiency requirements on new construction in the commercial and residential sectors that meet certain cost or size criteria. ENE supports S.B. 357 because it would enable the state's major municipalities to lead the way on innovative and efficient building energy use – an important reform when the current process for updating the energy-related provisions of the State Building Code can take many years.

ENE's one suggestion for modification of S.B. 357 concerns the language in Section 1(a) that sets specific Home Energy Rating System ("HERS") scores as performance standards for new residential construction. We recommend that the statute operate more flexibly by inserting language that would give the Commissioner of the Department of Energy and Environmental Protection ("DEEP") the discretion to set the HERS performance standard within a range of HERS scores that would be lower than the State Building Code in force at the time. In other words, rather than a fixed score, we recommend that the DEEP Commissioner be allowed to set a HERS standard on an annual basis that would be between 10 to 20 points lower (or more stringent) than the applicable State Building Code. This would be a flexible mechanism that would ensure the HERS performance standard remains updated and continually exceeds the State Building Code and, ultimately, drives deeper cuts in energy consumption by those municipalities that take advantage of S.B. 357.

H.B. 5410 – AAC Gas Companies' Cost Recovery of Lost and Unaccounted for Gas.

ENE's position Support, with two recommended modifications. ENE supports this bill because it seeks to implement a sensible and flexible approach for minimizing harmful methane leakage in the vast distribution networks of our natural gas utilities. If done effectively, methane leakage reduction will provide ratepayers with energy bill savings, and should also help lower the state's greenhouse gas emissions over time.

ENE recommends two additional requirements for H.B. 5410 in order to strengthen its likely impact on methane leakage in the distribution system. First, the "fixed factor of adjustment" specified in H.B. 5410 should be aligned with the mandatory greenhouse gas emissions reduction targets set out in Connecticut's Global Warming Solutions Act. Accordingly, we recommend that a third element be added to the second sentence of H.B. 5410 that requires the "fixed factor"

¹ See *Regional Investment of RGGI CO2 Allowance Proceeds*, 2012, p 3, (February 2014) (available online <http://www.rggi.org/docs/Documents/2012-Investment-Report.pdf>)

developed by the Public Utilities Regulatory Authority ("PURA") to comply with the long-term emissions reductions required by state law. Second, a periodic reporting requirement should also be added to H.B. 5410. The gas utilities should be required to report annually to PURA and the public on their methane leakage rates and totals, on their leakage monitoring efforts, and on their progress in reducing methane leakage. This will help provide effective oversight of the utilities' compliance efforts with H.B. 5410.

Thank you for the opportunity to testify today.

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From: Joanie Sutter
Sent: Monday, January 27, 2014 4:12 PM
To: Catherine.Abercrombie@cga.ct.gov; whit.betts@housegop.ct.gov; Tim.LeGeyt@housegop.ct.gov; Frank.Nicastro@cga.ct.gov; Peter.Tercyak@cga.ct.gov; Brian.Becker@cga.ct.gov; John.Piscopo@housegop.ct.gov; Senator Beth Bye; Senator Terry Gerratana (sent via website form)
Subject: Restore \$6.9 Million Transferred to General Fund - Deadline for Proposed Bill Feb 7th
Importance: High



January 27, 2014

**Re: Put Back \$6.9 Million, Taken and Transferred to the General Fund from PEGPETIA
Proposed Bill Deadline Is February 7th, 2014**

The CT Grant Program PEGPETIA, (Public, Educational, Governmental Programming and Education Technology Investment Account) has been jeopardized; your help is needed!

Public Act No. 13-184 "An Act Concerning Expenditures and Revenue for the Biennium Ending June 30, 2015", (Sec. 100-101 and Sec. 108) <http://www.cga.ct.gov/2013/ACT/PA/2013PA-00184-R00HB-06704-PA.htm> from the Governor's office swept all funds from this program for the next 2 fiscal years; there is a chance to recover the funds, now!

Administered by the CT's Public Utility Regulatory Authority, PEGPETIA under Section 33 of Public Act 07-253, An Act Concerning Certified Competitive Video Services, now codified as 16-331cc of the General Statutes of CT which created the account, is intended to, "promote and improve public, educational and governmental (PEG) access programming in CT with the goal to increase the quantity, quality and variety of community access productions." Additionally, 50% of PEGPETIA funds are to be made available to boards of education and other educational entities for technology initiatives.

PEGPETIA is funded by a gross earnings tax on cable TV service, to be used to benefit the public's community TV stations and schools. This is not the first time PEGPETIA has been at risk, but *this is the first time that the funds were robbed to fix other spending problems; we can get them back!*

REQUESTED ACTION:

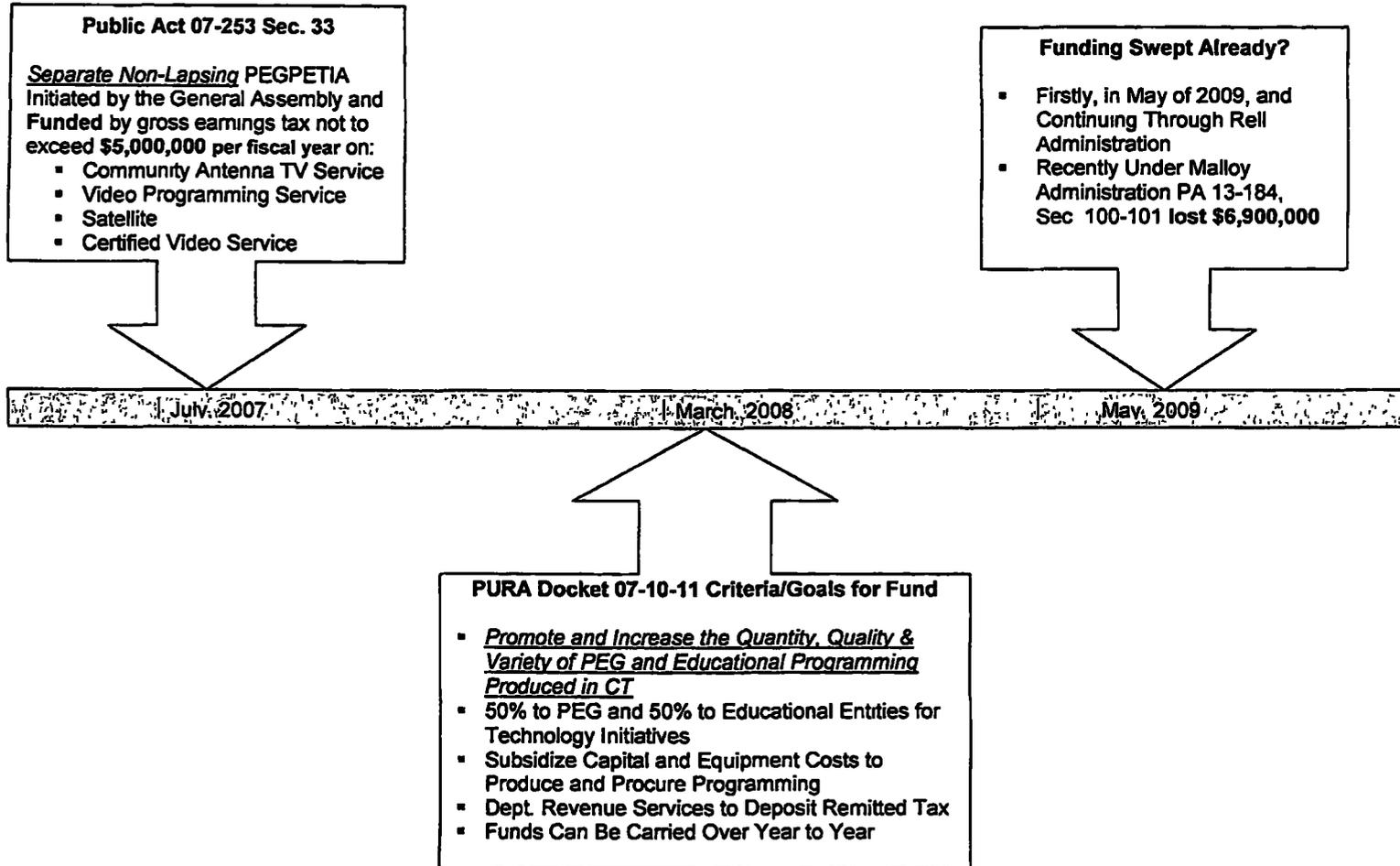
- Put Back the \$6.9 Million Taken in June, 2013!
- This transfer of funds has hurt our community TV stations and schools.

Nonprofit organizations, paid for by the public, are asked to perform and teach on old, antiquated equipment and coupled with the loss in cable subscribers (Nutmeg TV's funding levels have dropped over \$40,000 annually), we are left with no recourse to somehow stay current with changing technology.

For a further overview of the PEGPETIA program, click on the following link:
http://www.ct.gov/pura/cwp/view.asp?a=3359&Q=490944&puraNav_GID=1702

Please contact me at 860-321-7405 with questions.

PEGPETIA Timeline



**What's The Problem?
What's the Solution?**

The Language Isn't Clear for Voting Legislators!

You would have to look up the exact program being cut, for example, Section 24 of SB 843 (PA 13-184) actually read, "(Effective from passage) Notwithstanding the provisions of section 16-331cc of the general statutes, the sum of \$3,400,000 shall be transferred from the public, educational and governmental programming and education technology investment account and credited to the resources of the General Fund for the fiscal year ending June 30, 2014 "

What does this mean? \$3.4 million in a separate, non-lapsing, targeted fund was moved into the General Fund

"If you didn't know what the account was actually used for, you might not fully appreciate what you were voting to cut." AND since the bill doesn't identify how much money is actually available in the account, you wouldn't know that, **ALL THE FUNDS WERE CUT!**



Work Together!

We appreciate our Legislators and we understand that it takes all of us to watch and protect the vital resources put into place for the Public

- the State is operating at a surplus

What does this mean?

Please reinstate the funds and vote to protect it from further sliding into the General Fund.



Respectfully Submitted
Joanie Sutter, Executive Director
9 Eastview Drive
Farmington, CT 06032
860-321-7405
jsutter@nutmegtv.org

Thursday, February 7th is the deadline to propose bills for the session.

REQUESTED ACTION: PEGPETIA funding should be restored rather than swept into the General Fund, by rescinding sections 100 and 101 of PA 13-184.

The CT Grant Program PEGPETIA, (Public, Educational, Governmental Programming and Education Technology Investment Account) has been jeopardized; your help is needed!

Public Act No. 13-184 "An Act Concerning Expenditures and Revenue for the Biennium Ending June 30, 2015", (Sec. 100-101 and Sec. 108) <http://www.cga.ct.gov/2013/ACT/PA/2013PA-00184-R00HB-06704-PA.htm> from the Governor's office swept all funds from this program for the next 2 fiscal years; there is a chance to recover the funds, NOW!

Administered by the CT's Public Utility Regulatory Authority, PEGPETIA under Section 33 of Public Act 07-253, An Act Concerning Certified Competitive Video Services, now codified as 16-331cc of the General Statutes of CT which created the account, is intended to, "promote and improve public, educational and governmental (PEG) access programming in CT with the goal to increase the quantity, quality and variety of community access productions." Additionally, 50% of PEGPETIA funds are to be made available to boards of education and other educational entities for technology initiatives.

PEGPETIA is funded by a gross earnings tax on cable TV service, to be used to benefit the public's community TV stations and schools. This is not the first time PEGPETIA has been at risk, but *this is the first time that the funds were robbed to fix other spending problems; we can get them back!*

- *PEGPETIA fund is currently closed for all applications. Since the state is operating at a surplus and opened a new \$10 million technology account for schools last July, it seems that part of this money was derived from a tax on video providers (not state money).*
- *It is our understanding that 100% of the contributions to the fund are currently being taken on a quarterly basis and that PURA does not expect to be offering grants again until fall of 2015 unless we act now.*
- *From a historical perspective, these sweeps were removed from the House bill last session but then slid back in when the Senate approved the budget. Many legislators were not aware of this line item and its direct effect on the future of their local access centers' ability to stay relevant to their community and on our schools and libraries to keep pace with rapidly changing technology.*

Nonprofit organizations, paid for by the public, are asked to perform and teach on old, antiquated equipment and coupled with the loss in cable subscribers (Nutmeg TV's funding levels have dropped over \$40,000 annually), we are left with no recourse to somehow stay current with changing technology.

Several legislators--Lonnie Reed & Rob Sampson--are working with the finance committee to restore the fund. Now is the time you determine what to do with "the surplus..."

For a further overview of the PEGPETIA program, click on the following link:
http://www.ct.gov/pura/cwp/view.asp?a=3359&Q=490944&puraNav_GID=1702

This is our only source of capital funding beyond what we each can raise in our community.

Please contact me at 860-321-7405 with questions.

Sincerely,

Joanie Sutter
 Executive Director



TO: Sen. Bob Duff and Rep. Lonnie Reed, Chairmen,
and Members of the Committee on Energy and Technology
RE: Public Hearing March 4, 2014

Rivers Alliance of Connecticut is the statewide, non-profit coalition of river organizations, individuals, and businesses formed to protect and enhance Connecticut's waters by promoting sound water policies, uniting and strengthening the state's many river groups, and educating the public about the importance of water stewardship.

Rivers Alliance writes in (qualified) support of RB 5409, AAC Concerning Hydraulic Fracturing Waste. We believe it is important to affirm in statute, as you do here, that the state has the authority to regulate the transport and handling of fracking waste as hazardous waste. We expect the definitions in the bill to be very helpful going forward. But we urge the committee to impose in addition a ban or moratorium on the importation of fracking waste until the public can be truly assured that there are no risks to health, safety, or water resources associated with accepting, storing, or disposing of the waste.

As I understand it, this bill identifies all fracking waste as hazardous, although that point might be stated more clearly. This is different from the position of DEEP in oral testimony on RB 5308, AAC The Regulation of Fracking Waste. DEEP's interpretation of appropriate regulation was that a person importing or receiving this waste in Connecticut would have to report what is in the waste, and DEEP would then determine if the substance is hazardous and should be regulated as such. This interpretation is consistent with the summary of the intention of 5308: "To authorize the Commissioner of Energy and Environmental Protection to regulate, as hazardous waste, *certain materials* that are produced as a result of fracking activities." [emphasis added]

But in the foreseeable future, there appears no chance that fracking waste can be effectively decomposed into benign constituent substances for safe handling. In the laboratory, this may be possible with certain samples, but, in the field, the waste can vary from place to place, well to well, day to day. No one, evidently, has deployed the sophisticated and expensive equipment that would

HB5410
HB5412

be needed to render this toxic often radioactive material safe for discharge or storage. In fact, it is not clear that this transformation is even feasible much less affordable in volumes that are being produced.

One of the primary obstacles to safe handling of fracking waste is the secrecy surrounding the materials. The industry's website, FracFocus, promoted as a transparency tool, gives some information on some of the many dozens of chemicals used (<http://fracfocus.org/chemical-use/what-chemicals-are-used>), but the amounts and proportions are not specified, the waste constituents are not identified, and reporting on the website is voluntary. A prominent critique of the utility of the site was issued by Harvard Law School. The URL is <http://blogs.law.harvard.edu/environmentallawprogram/files/2013/04/4-23-2013-LEGAL-FRACTURES.pdf> There are also dozens of industry responses, if you are short of reading material.

The industry maintains that its technology is improving. For example, wastewater can be diluted with freshwater, and recycled for mining. This is helpful perhaps in delaying the exhaustion of aquifers and surface sources, but evidently produces a more concentrated and dangerous waste. On this point, I have attached documents on two recent articles from the distinguished journal *Environmental Science and Technology*.

The Oct. 2, 2013, issue includes an article by Nathaniel Warner (Duke University), Avner Vengosh, et al, Impacts of Shale Gas Wastewater Disposal on Water Quality in Western Pennsylvania. It finds current treatment of wastewater in western Pennsylvania inadequate. I am still working on downloading the original article (it can be read but not copied); however, here is the headline and synopsis from Science Daily.

Streams below fracking wastewater treatment show elevated salts, metals, radioactivity. *Date:* October 2, 2013 *Source:* Duke University. *Summary:* *Elevated levels of radioactivity, salts and metals have been found in river water and sediments at a site where treated water from oil and gas operations is discharged into a western Pennsylvania creek.*

Another article of interest from this periodical, Dec. 3, 2013 is: *Suggested Reporting Parameters for Wastewater from Unconventional Fracking Extraction* by Kyle Bibby (University of Pittsburgh) et al. This highlights the difficulty of knowing the constituents of the wastewater and what to require in reporting. In particular, much information specific to the particular well is needed.

In conclusion, we support at this time a ban on import or transport of fracking waste because as yet the components and toxic potential of the return water and process water in fracking for natural gas are not fully identified or understood. Existing treatments are limited and disposal methods raise numerous concerns for health and the environment. Moreover, and especially important, Connecticut's regulatory resources are already overwhelmed by contamination of water and soil. Even if there were a safe way to manage fracking waste, we do not have the enforcement capability to ensure safe management. Before we consider any waste import, we need to make more progress on cleaning up brownfields, superfund sites, contaminated aquifers, and so forth.

There are a number of other bills on the agenda that I believe are beneficial. There are two for which we have sufficient information to express support. RB 5410, AAC ... Lost and Unaccounted for Gas addresses a problem familiar from the water-supply business. Leaky infrastructure and unaccounted discharges are wasteful and dangerous. **Another positive bill is RB 5412, Shared Clean Energy Facilities.**

THANK YOU.



Margaret Miner
Executive Director
rivers@riversalliance.org 203-788-5161 (mobile)
Litchfield CT 06759

Jean de Smet
39 Davis St.
Willimantic, CT 06226
(860) 456-2188
j.desmet@charter.net

.....

03/04/2014

Testimony supporting HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas

Commissioners,

Please support HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, which will hold the natural gas companies responsible for the costs associated with leaking gas in their lines.

When monopolized utility companies are permitted to push the cost of their mistakes or poor maintenance directly onto the consumers, it is a prescription for sloppy maintenance. We witnessed the result of the lack of regulations regarding infrastructure maintenance when CL&P and NU cut line maintenance, and took down the electric grid during recent storms

The State of CT is becoming ever-more dependant on natural gas, a new course that will require vigilant oversight by PURA and the legislature

When gas lines leak, they produce methane, a dangerous greenhouse gas, and it also drives up the cost to the consumer. If the utility is not held accountable for the waste, there is no incentive for them to change. PURA must hold the gas companies responsible for the leaks in their system, which will benefit residents of CT financially, and environmentally

Thank you,

Jean de Smet

.....

Testimony of John Humphries
Before the Energy and Technology Committee

In Support of
H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS

Submitted by
John Humphries, Convener; CT Roundtable on Climate and Jobs
March 4, 2014

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment in support of HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, a bill that can reduce the greenhouse gas emissions from the state's natural gas infrastructure while creating good-paying jobs to implement the needed repairs.

HB 5410 seeks to establish incentives for gas companies to repair pipeline leaks that are allowing methane to escape into our atmosphere. Rather than charging customers for the leakage – gas that they are not even using, gas companies should invest the necessary resources to repair leaking infrastructure. If the state is going to implement the plan to significantly expand this fossil fuel infrastructure, we must at least ensure maximum efficiency and minimum waste.

Currently, natural gas distribution companies are allowed to charge customers for the cost of unlimited “lost and unaccounted for gas,” much of which is gas that escapes through small leaks throughout the distribution system. Companies are only required to fix leaks that threaten public safety, and since they can recover the cost of leaked gas, they have no incentive to repair non-hazardous leaks. This is troubling on two fronts:

1. Customers are made to bear the cost of gas they are not using; and
2. Methane has truly dangerous global warming potential—it is 56 times stronger than carbon dioxide over a 20-year period and 21 times stronger over a 100-year period.

HB 5410 would address these problems by limiting gas companies' ability to recover the cost of lost gas, which provides an incentive to fix leaks; over time, this will cut greenhouse gas emissions and reduce the cost of gas. A similar bill has been in effect in New York State since the 1990s; the New York Public Service Commission estimates it saves consumers in that state \$48 million a year.

A further benefit of HB 5410 is that it would generate employment opportunities for skilled tradesmen in implementing the needed infrastructure repairs.

Please support both HB 5410.

Thank you for your consideration.

Sincerely,

John Humphries
Convener, CT Roundtable on Climate and Jobs
14 Tremont Street
Hartford, CT 06105
860-216-7972



Connecticut Department of
**ENERGY &
ENVIRONMENTAL
PROTECTION**

DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION

Public Hearing – March 4, 2014
Energy & Technology Committee

Testimony Submitted by Interim Commissioner Robert J. Klee
Presented By Deputy Commissioner Katie Dykes

House Bill No. 5410 (Raised) - AN ACT CONCERNING GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS

Thank you for the opportunity to present testimony regarding Raised House Bill No. 5410 – AN ACT CONCERNING GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS. The Department of Energy and Environmental Protection (DEEP) welcomes the opportunity to offer the following testimony.

DEEP is supportive of the raised Bill's goal of reducing natural gas leaks from our natural gas distribution infrastructure and has called for a zero leak policy. Natural gas—methane—is a potent greenhouse gas if it leaks out from well heads or in the transmission and distribution system rather than being burned for building heating, electric generation or other consumptive purposes. Reducing leaks of gas is one of the most important things that the state can do to ensure that the expansion of natural gas access for Connecticut homes and businesses proceeds in a way that is consistent with our commitments to reduce greenhouse gases and ensure public safety.

Compared to other states in the region, Connecticut's gas companies have made important strides in bringing down the percent of gas that leaks from the system. This percentage is approaching a level that is low enough that it may be coming within the margins of our ability to measure it confidently. The Public Utilities Regulatory Authority would be best positioned to comment on the issues that may arise if this bill were to be implemented. DEEP would welcome the opportunity to work with the Committee on refinements to the approach outlined in the proposed bill to effectively meet the broader objectives of reducing natural gas leaks.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact Robert LaFrance, DEEP's Director of Governmental Affairs, at 860.424.3401 or Robert.LaFrance@ct.gov (or, Elizabeth McAuliffe, DEEP Legislative Liaison, at 860.424.3458 or Elizabeth.McAuliffe@ct.gov).

TESTIMONY OF
UIL HOLDINGS CORPORATION
RE: HB 5410 - AN ACT CONCERNING GAS COMPANIES' RECOVERY OF LOST
AND UNACCOUNTED FOR GAS

BEFORE
THE ENERGY & TECHNOLOGY COMMITTEE

MARCH 4, 2014

Good morning, Senator Duff, Representative Reed and members of the Energy & Technology Committee. UIL Holdings Corporation (UIL), on behalf of its gas operating companies, Connecticut Natural Gas Corporation (CNG) and The Southern Connecticut Gas Company (SCG) appreciates the opportunity to offer these comments in opposition to HB 5410 An Act Concerning Gas Companies' Recovery of Lost or Unaccounted for Gas.

My name is Gregg Therrien, Director of Regulatory & Tariffs for UIL Holdings Corporation. With me today is Robert Jalette, Director of Gas Engineering for CNG and SCG.

This bill as drafted requires the Public Utilities Regulatory Authority ("PURA") to adopt regulations that specify the manner in which a local distribution company ("LDC") calculates lost and unaccounted for gas ("LUF") in establishing the purchased gas adjustment clause and establishes a fixed LUF factor that can be recovered by the gas companies.

Incentivizing gas companies to reduce LUF is a laudable goal. However, the application of a singular LUF calculation that attempts to establish an "incentive" via a complicated formula based on meter reads and accounting entries does not address the root cause of methane gas leakage and losses. The regulatory focus should be on the number and type of gas leaks and the utility's plan to repair leaks or replace mains/services rather than reduce a calculated LUF percentage. Leak repair and the replacement of aging infrastructure is critically important in combating system leaks, and the equitable and timely recovery of any accelerated investment in these activities is a key component to enabling the gas companies to have resources to do this needed work.

LUF is currently reported as a percentage of unaccounted for gas for the sum of all gas received into the gas company's system over a given period of time. This measurement includes several accounting adjustments, meter and billing tolerances, company use of gas for its own operations, and even captures the effect of temperature and pressure variations on the gas we measure. The calculation is a multi-column spreadsheet comprised of categories of gas receipts, gas uses and accounting adjustments. It is not a measurement of true gas emissions into the atmosphere and therefore is not an appropriate means to measure the integrity of a gas company's distribution system.

If the legislature wishes to address gas distribution system leaks, then it should craft legislation directed at company investment dedicated to the repair and replacement of aging infrastructure – the leading cause of gas leaks (actual losses) - not calculated (unaccounted for) gas loss. This method would reduce leakage and incentivize the companies rather than punish them.

Over 30 states¹ in the U.S., including our neighboring state of Rhode Island, have either legislative or regulatory mechanisms related to the acceleration of the replacement of cast iron and bare steel gas piping – a known leading source of leakage in the gas distribution industry for many years. Such a program has recently been approved by PURA and is now in effect for CNG. This Distribution Integrity Management Program (“DIMP”) tracking mechanism approved in January 2014 allows for accelerated spending and the timely recovery of this replacement activity between rate cases. As a result, CNG will be accelerating the remaining 31 years of its 50-year replacement program to 20 years. The DIMP for CNG should be given an opportunity to replace cast iron and bare steel pipe and achieve a reduction in methane emissions into the atmosphere.

This regulatory mechanism best meets the goal of addressing root-cause methane loss on the Companies' systems rather than introducing an overly complex, and potentially unfair, mechanism that relies on an artificial benchmark that is based on accounting and metering data. The legislature should require that the DIMP Mechanism be adopted by PURA for all three of the Connecticut gas distribution companies or through legislative mandate.

¹ See PURA Docket No 13-06-08, Application of the Connecticut Natural Gas Corporation to Increase its Rates and Charges, pre-filed testimony of G. Therrien and J Rudiak.

For the reasons stated above, the Companies respectfully request raised bill 5410 be rejected in its present form.

Thank you for the opportunity to submit this testimony in opposition of HB 5410 An Act Concerning Gas Companies' Recovery of Lost or Unaccounted for Gas. Bob and I would try to answer any questions you may have.

Testimony of Monica Keady before the Energy and Technology Committee in support of

H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS H.B. 5409 AAC HYDRAULIC FRACTURING WASTE

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment in support of HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, and HB 5409, An Act Concerning Hydraulic Fracturing Waste. Both bills address problems in the natural gas industry that damage our environment.

HB 5410 creates an incentive for gas companies to repair pipeline leaks that are allowing methane to escape into our atmosphere. Firstly, it's not right that gas companies can charge consumers for escaped gas and, secondly, as gas usage increases, so does the threat to Connecticut's air quality as methane is known to contribute to greenhouse gases.

Currently, natural gas distribution companies are allowed to charge customers for the cost of unlimited "lost and unaccounted for gas," much of which is gas that escapes through small leaks throughout the distribution system. Companies are only required to fix leaks that threaten public safety, and since they can recover the cost of leaked gas, they have no incentive to repair non-hazardous leaks. This is troubling on two fronts:

1. Customers are made to bear the cost of gas they are not using; and
2. Methane has truly dangerous global warming potential—it is 56 times stronger than carbon dioxide over a 20-year period and 21 times stronger over a 100-year period.

HB 5410 would address these problems by limiting gas companies' ability to recover the cost of lost gas, which provides an incentive to fix leaks; over time, this will cut greenhouse gas emissions and reduce the cost of gas. A similar bill has been in effect in New York State since the 1990s; the New York Public service Commission estimates it saves consumers in that state \$48 million a year.

I also support HB 5409 which would classify fracking fluid as hazardous waste, closing a loophole in federal law that's allowed it to remain unregulated. The research I've come across strongly indicates that fracking waste is a highly toxic mixture that threatens groundwater quality. The regulatory approach in HB 5409 and similar bill HB 5308 is a positive step, but not sufficient on its own. It would still allow the fluid to be stored and treated in Connecticut. The complete ban in SB 237, before the Environment Committee, is a more comprehensive solution to protect Connecticut's waters and public health.

Connecticut has been a leader in taking care of our fragile environment. Please continue on this path by supporting both HB 5410 and HB 5409. Thank you for your consideration.

Sincerely,
Monica Keady
3 Hillside Ct.
Darien, CT 06820



Testimony of Barbara Milton Before the Energy and Technology Committee
In Support of H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS H.B. 5409 AAC HYDRAULIC FRACTURING WASTE

Barbara Milton
March 4, 2013

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment in support of HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, and HB 5409, An Act Concerning Hydraulic Fracturing Waste. Both bills address problems in the natural gas industry that damage our environment.

HB 5410 seeks to incentive gas companies to repair pipeline leaks that are allowing methane to escape into our atmosphere customers for the cost of unlimited "lost and unaccounted for gas," much of which is gas that escapes through small leaks throughout the distribution system. Companies are only required to fix leaks that threaten public safety, and since they can recover the cost of leaked gas, they have no incentive to repair non-hazardous leaks. This is troubling on two fronts:

1. Customers are made to bear the cost of gas they are not using; and
2. Methane has truly dangerous global warming potential—it is 56 times stronger than carbon dioxide over a 20-year period and 21 times stronger over a 100-year period.

HB 5410 would address these problems by limiting gas companies' ability to recover the cost of lost gas, which provides an incentive to fix leaks; over time, this will cut greenhouse gas emissions and reduce the cost of gas. A similar bill has been in effect in New York State since the 1990s; the New York Public service Commission estimates it saves consumers in that state \$48 million a year.

HB 5409 would classify fracking fluid as hazardous waste, closing a loophole in federal law that's allowed it to remain unregulated. I care about the safety of our wells and aquifers, and don't want toxic fracking waste polluting Connecticut's groundwater; or, I don't think private gas companies should be able to make Connecticut their dumping ground for toxic waste. The regulatory approach in HB 5409 and similar bill HB 5308 is a positive step, but not sufficient on its own. It would still allow the fluid to be stored and treated in Connecticut. The complete ban in SB 237, before the Environment Committee, is a more comprehensive solution to protect Connecticut's waters and public health.

Please support both HB 5410 and HB 5409. Thank you for your consideration. Sincerely,

Barbara Milton
Adjunct Professor, Gateway Community College,
32 Elm St j. Milford, CT 06460
Leilajones@optonline.net

Testimony of Ahna S.L. Johnson
Before the Energy and Technology Committee

In Support of

H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS

H.B. 5409 AAC HYDRAULIC FRACTURING WASTE

Submitted by

Ahna S.L. Johnson

March 4, 2013

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment in support of HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, and HB 5409, An Act Concerning Hydraulic Fracturing Waste. Both bills address problems in the natural gas industry that damage our environment.

HB 5410 seeks to incentivize gas companies to repair pipeline leaks that are allowing methane to escape into our atmosphere. Currently, natural gas distribution companies are allowed to charge customers for the cost of unlimited "lost and unaccounted for gas," much of which is gas that escapes through small leaks throughout the distribution system. Companies are only required to fix leaks that threaten public safety, and since they can recover the cost of leaked gas, they have no incentive to repair non-hazardous leaks. While the very idea of this is quite obviously absurd, it is particularly troubling on two fronts:

1. Customers are made to bear the cost of gas they are not using; and
2. Methane has truly dangerous global warming potential—it is 56 times stronger than carbon dioxide over a 20-year period and 21 times stronger over a 100-year period.

HB 5410 would address these problems by limiting gas companies' ability to recover the cost of lost gas, redirecting the cost of lost gas away from consumers and back to the gas companies themselves who are, after all, the responsible party. This will give them an incentive to fix leaks which will, over time, cut greenhouse gas emissions and reduce the cost of gas. A similar bill has been in effect in New York State since the 1990s; the New York Public Service Commission estimates it saves consumers in that state \$48 million a year.

HB 5409 would classify fracking fluid as hazardous waste, closing a loophole in federal law that's allowed it to remain unregulated. The current state of things which does not admit that fracking fluid is a hazardous waste is another absurdity and allows private gas companies to make Connecticut their dumping ground for this toxic waste. The regulatory approach in HB 5409 and similar bill HB 5308 is a positive step, but not sufficient on its own. It would still allow the fluid to be stored and treated in Connecticut. The complete ban in SB 237, before the Environment Committee, is a more comprehensive solution to protect Connecticut's waters and public health.

Please support both HB 5410 and HB 5409. Thank you for your consideration.

Sincerely,

000656

Ahna Johnson
97 Wakefield Street
Hamden, CT 06517
203.928.0068





TESTIMONY OF STEPHEN GIBELLI
NORTHEAST UTILITIES ASSISTANT GENERAL COUNSEL
ON BEHALF OF
YANKEE GAS SERVICES COMPANY

Energy and Technology Committee
March 4, 2014

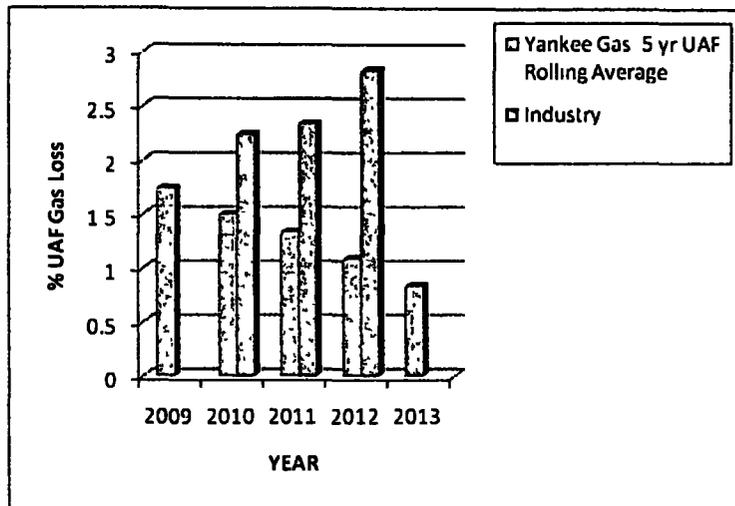
RE: RAISED BILL 5410, AN ACT CONCERNING GAS COMPANIES COST RECOVERY OF LOST AND UNACCOUNTED FOR GAS

This bill requires the Public Utilities Regulatory Authority ("PURA") to adopt regulations that will result in establishing a predetermined amount of lost and unaccounted for gas ("LUFG") to be recovered in rates. Per this bill, any losses greater than the predetermined factor will be absorbed by the gas company and if actual gas losses are less than the predetermined factor, the gas company can keep the recovery for those losses.

All entities in the natural gas industry have the issue of LUFG including, production, gathering, pipeline, and distribution companies alike. LUFG has a variety of causes including, but not limited to leaks, stolen gas, and line pack as the distribution system grows (i.e., as we add new mains and services to serve new customers gas is used and needed in the pipe but not yet received by the customers). However, the primary cause of LUFG is actually due to the fact that gases are more difficult to measure than liquids, and are highly affected by temperature and pressure. Gas meters measure a defined volume of natural gas, regardless of the pressurized quantity or quality of the gas flowing through the meter. Therefore, it is important to note that not all LUFG is due to leaks and "released" in the air or "never used" by customers.

In terms of leak management, Yankee Gas has a robust leak mitigation plan. Performing more leak surveys than code requires and repairing leaks in a shorter time frame than code requires. The Company also initiated a significant aging infrastructure replacement program in 2011 and is spending \$40 million annually to retire the cast iron and bare steel pipe which is more prone to leaks. Due in large part to these efforts, the number of Yankee Gas' open Class II leaks at year end have been reduced from 263 in 2010 to 54 in 2012. Further, Yankee Gas' unaccounted for

gas loss has been declining for five years and should continue to decline even further with the cast iron replacement initiative and reduction in the backlog of leaks.



Further, utility companies have a regulatory compact in which they are entitled to recover their prudently-incurred costs of doing business. Imposing a fixed recovery amount that is inconsistent with actual costs and losses violates that compact.

Given the large number of contributors to lost and unaccounted for gas, and the fact the industry does not have any standard industry-wide accepted methodology for accurately measuring unaccounted for gas by individual subcategories and therefore cannot quantify such gas within those subcategories with any confidence of recognized accuracy, prior to consideration of legislation requiring the development of a factor, PURA should open a docket to investigate the issue and determine, with the gas companies, what can be done to improve the measurement and reduce lost and unaccounted for gas and what the cost associated with such a plan would be. In such a proceeding, PURA can examine trends over time in order to truly understand progress that is being made or lost with each variable.

Thank you for the opportunity to provide testimony on this bill.

Testimony of Barbara McCarthy
Before the Energy and Technology Committee

In Support of

H.B. 5410 AAC GAS COMPANIES' COST RECOVERY OF LOST AND
UNACCOUNTED FOR GAS

H.B. 5409 AAC HYDRAULIC FRACTURING WASTE

Submitted by
Barbara McCarthy
March 4, 2013

Senator Duff, Representative Reed, and members of the Committee,

Thank you for the opportunity to comment in support of HB 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and Unaccounted for Gas, and HB 5409, An Act Concerning Hydraulic Fracturing Waste. Both bills address problems in the natural gas industry that damage our environment.

HB 5410 seeks to incentive gas companies to repair pipeline leaks that are allowing methane to escape into our atmosphere. I don't think it's fair that gas companies can charge me for gas I'm not even using. The greenhouse gas potential of methane alarms me and I think Connecticut needs to do more to combat it

HB5408
SB237

Currently, natural gas distribution companies are allowed to charge customers for the cost of unlimited "lost and unaccounted for gas," much of which is gas that escapes through small leaks throughout the distribution system.

Companies are only required to fix leaks that threaten public safety, and since they can recover the cost of

leaked gas, they have no incentive to repair non-hazardous leaks. This is troubling on two fronts:

1. Customers are made to bear the cost of gas they are not using; and
 2. Methane has truly dangerous global warming potential—it is 56 times stronger than carbon dioxide over a 20-year period and 21 times stronger over a 100-year period.
- HB 5410 would address these problems by limiting gas companies' ability to recover the cost of lost gas, which provides an incentive to fix leaks; over time, this will cut greenhouse gas emissions and reduce the cost of gas.

A similar bill has been in effect in New York State since the 1990s; the New York Public Service Commission estimates it saves consumers in that state \$48 million a year.

HB 5409 would classify fracking fluid as hazardous waste, closing a loophole in federal law that's allowed it to remain unregulated. I care about the safety of our wells and aquifers, and don't want toxic fracking waste polluting Connecticut's groundwater. I don't think private gas companies should be able to make Connecticut their dumping ground for toxic waste. The regulatory approach in HB 5409 and similar bill

HB 5308 is a positive step, but not sufficient on its own. It would still allow the fluid to be stored and treated in Connecticut. The complete ban in SB 237, before the Environment Committee, is a more comprehensive solution to protect Connecticut's waters and public health.

Please support both HB 5410 and HB 5409. Thank you for your consideration.

Sincerely,

Bebe McCarthy
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