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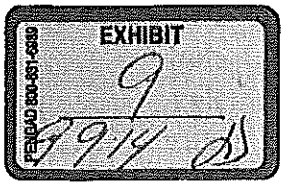

Gas leaks cost consumers $1.5 b, study says

By Erin Ailworth | GLOBE STAFF AUGUST 01, 2013

Natural gas consumers in Massachusetts have paid up to $1.5 billion over the last decade for fuel they never received because local utilities are not replacing hundreds of miles of old, leaky pipelines quickly enough, according to a just released congressional study.

The report uses Massachusetts as a test case to examine the issue of leaky gas pipelines nationwide. US natural gas customers paid at least $20 billion from 2000 to 2011 for gas they never received.

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The problem is most acute in states like Massachusetts, where the gas pipeline system is older, according to the study, done by the Democratic staff of the House Natural Resources Committee at the request of Senator Edward Markey when he served on the panel.

Repairing problematic pipes in Massachusetts would save consumers an estimated $156 million over the next 10 years — even after the cost of repairs, the study estimated.

The economic impact of the problem has gained increased attention in the last several months because of related risks, such as dangerous explosions, the release of pollutants that contribute to climate change, and the squandering of an important domestic resource.

Graphic: Why gas pipes leak

Industry officials, citing Energy Department estimates, said natural gas that leaks from pipelines amounts to less than 1.5 percent of the gas produced in this country each year. But they agreed that utilities should move quickly to undertake repairs since much of those costs would be offset by historically low natural gas prices. In general, the costs of pipeline repairs would add about $1 to $2 to a Massachusetts customer's monthly bill, industry officials said.

"Now is the time to accelerate replacement," said Dave McCurdy, chief executive of the American Gas Association, which represents more than 200 energy companies in the United States.

Regulators, McCurdy added, can help by working with companies to balance the pace of repairs so as not to overload consumers, who ultimately bear those costs.

> *'Every leaky pipeline is like a hole in consumers' pockets.'— Senator Edward Markey, Drafting legislation to hasten repairs to gas pipes*

Utilities have fallen behind on pipeline repairs because it can take a year or longer to recover the costs from ratepayers through the regulatory process. Some utilities have waited up to 18 months, said Thomas Kiley, chief executive of the Northeast Gas Association, a regional industry group in Needham.

That's "a long time to be waiting to get your cash back for your business," Kiley said.

View Graphic

Markey is drafting legislation that aims to accelerate repairs by making it easier for utilities to collect reimbursements — charged to ratepayers — for the costs. The proposed bill would call for a uniform reporting and monitoring system of leaky pipes and curtail utilities' ability to charge customers for gas lost through the leaks.

"Every leaky pipeline is like a hole in consumers' pockets," Markey said.

In Massachusetts, several bills addressing leaky pipelines are moving through the Legislature. State Representative John D. Keenan, Democrat of Salem, has filed legislation that would set up a system to allow utilities to more quickly recover repair costs from ratepayers.

A bill sponsored by Representative Lori Ehrlich, Democrat of Marblehead, would assess and classify repairs according to their risks to public safety and establish specific timelines for how fast they must be made.

"To have gas spewing into the atmosphere 24 hours a day unabated from thousands of leaks is risky and irresponsible," she said. "It's also outrageous that ratepayers bear the costs of gas and the rest of us bear the costs to the environment."

Natural gas leaks account for at least 45 percent of the methane emissions in Massachusetts, according to Markey's study. Methane is a potent greenhouse gas that contributes to climate change.

Jolette Westbrook, a commissioner with the Massachusetts Department of Public Utilities, said the agency was allotted $250,000 in the state's 2014 budget to hire an independent consultant to study leaky pipelines here and make recommendations to fix problems and reduce methane emissions.

"The department's first priority is public safety," she said. "We require that a leak that is hazardous to a person or a property — and that is what a grade one leak is — to be immediately repaired or acted upon."

At National Grid, Sue Fleck, vice president of gas standards and policies, said the utility is involved in several studies to address the issue of leaky pipes and has ramped up repair work. In 2012, the utility replaced 147 miles of pipeline, compared to 39 miles in 2008.

"We need to do this for the safety and reliability of our system and to improve the environment," Fleck said.

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