



DG 16-240

February 10, 2016

HPUC FEB11'16 AM10:08

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: Northern Utilities, Inc. Maximum Allowable Operating Pressure

Dear Director Howland:

Northern Utilities, Inc. ("Northern" or the "Company") respectfully requests a meeting with the Commissioners of the New Hampshire Public Utilities Commission and its Safety Division Staff to discuss a process to address issues related to the establishment of the Maximum Allowable Operating Pressure ("MAOP") for certain distribution systems owned and operated by Northern in New Hampshire. The Company seeks this meeting because it recently received two Notices of Probable Violation ("NOPV") concerning distribution system uprating and related pressure tests that were performed by Northern's prior owner during the mid-1990's. Combined, the two NOPVs seek civil penalties of \$102,000. Moreover, through conditions imposed by the NOPVs, Staff seeks additional information from Northern apparently designed to provide the factual basis for additional NOPVs related to similar operational activities that occurred long before Unitil Corporation acquired Northern in late 2008, which may subject the Company to significant additional penalties.

For the reasons discussed in greater detail in this letter, the Company believes that the public interest would not be served by imposing a series of civil penalties upon Northern's current ownership for events that occurred many years (and in some cases decades) prior to Unitil Corporation's acquisition of Northern. Accordingly, pursuant to Puc 201.05, the Company requests a waiver the NOPV provisions of Puc 511, and seeks an alternative cooperative process to address these issues. Northern also requests that the Commission issue a temporary stay of all proceedings on NOPVs PS1601NU and PS1602NU.

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Northern's distribution systems are safe. Since Unifil Corporation acquired Northern in late 2008, great strides have been made to ensure the safety and reliability of Northern's systems through a sea change in the safety and operational culture of the Company. By writing this letter, Northern does not seek to avoid or shirk its public safety responsibilities. The Company is committed to performing additional pressure testing to bring its systems into compliance with the Pipeline and Hazardous Materials Safety Administration's ("PHMSA") most recent interpretation of its federal pipeline safety regulations governing system pressure uprate procedures. Northern simply desires to work cooperatively with the Commission and its Safety Staff to develop and implement a mitigation plan that is acceptable to the Commission while causing the least disruption to Northern's customers, and avoiding the time and expense of litigation through the NOPV and NOV process.

A. Summary of the Issues.

As discussed in greater detail below, the issues addressed in this letter arise from procedures conducted by Northern's prior owners from the 1970's through the mid 2000's for the purpose of increasing the MAOP on certain distribution systems. That process, which is commonly referenced in the industry as an "uprate," appears to have been performed in accordance with the prevailing industry practices for uprating and was consistent with early guidance on appropriate uprate procedures that was provided to the industry in the early 1970's by PHMSA. However, PHMSA subsequently clarified its guidance as applicable to plastic pipe, and the procedures followed by Northern's prior owners to uprate its systems during this earlier period are not consistent with PHMSA's current interpretation of the regulations governing uprate procedures.

In an interpretation letter issued in in 2009, PHMSA provided a new interpretation of its regulations that govern uprate procedures. That interpretation effectively limits PHMSA's 1973 uprating guidance to steel pipe only, and concludes that the uprating of plastic pipe is subject to different procedures. Northern does not dispute PHMSA's 2009 interpretation and is committed to bringing its systems into compliance with PHMSA's current uprate requirements by developing a mitigation plan and performing additional pressure testing. This mitigation effort is a significant issue, because Northern may have more than a dozen distribution systems with plastic pipe that were uprated by its previous owner using procedures that would not be sufficient under PHMSA's current interpretation of its uprating

regulations. The issues concerning these uprates are further complicated by the fact that the Commission Safety Staff had worked with Northern in the mid-1990's to establish MAOPs for certain of Northern's distribution systems while resolving an NOPV related to distribution system MAOPs. During that process, Staff confirmed the establishment of MAOPs for certain systems based on the uprate procedures used by Northern's prior owner that prevailed in the industry at that time.

Northern acknowledges that this request for a meeting with the Commissioners and the Safety Staff is unusual, but given the recent NOPVs Northern believes that such a meeting is critical. The Company recently received an NOPV issued by the Commission's Safety Staff related to a distribution system uprate performed by the prior owner in 1996 (PS1602NU; provided in Attachment A). That uprate was performed on Northern's Dover-Durham distribution system (System No. 24) and was intended to increase the MAOP of that system from 56 psig to 99 psig. A second NOPV relates to the installation of two services on the Dover-Durham distribution system in 1996 and 2003 and the establishment of MAOP for those two services (PS1601NU; provided in Attachment B). Although those two services were not subject to an uprate procedure, as a condition to that second NOPV Staff seeks to require the Company to provide Staff with information related to uprates on other distribution systems,¹ presumably for the purpose of identifying other uprated systems that may serve as the bases for additional NOPVs. The two NOPVs—which relate entirely to the conduct of Northern's prior owners that occurred decades ago—seek to impose \$102,000 in civil penalties on a combined basis. Additional NOPVs for similarly conducted uprates on Northern's other distribution systems could potentially subject the Company to collective penalties of more than \$1 million.

Northern is committed to bring its systems into compliance with PHMSA's current interpretation of its uprate regulations and wants to develop a mitigation plan that will be acceptable to the Commission. And, while the Company is mindful that the Commission's Puc.500 Rules establish an NOPV process, Northern respectfully suggests that the NOPV process is ill suited to addressing these issues in a

¹ The condition would require Northern to:

Prepare a list of all pressure systems in which their current MAOP is established by uprating and include the year in which the uprate occurred, the previous MAOP level and current MAOP level and the number of services supplied by each of the uprated pressure system. . . .

comprehensive and consistent manner. Moreover, given the prior history between Northern and the Safety Staff concerning the establishment of MAOP through uprates in the mid-1990's, the Company believes that it would be most appropriate to meet with the Commissioners and Staff to discuss these issues in greater detail and consider a plan for resolving them in a comprehensive manner to the satisfaction of the Commission and Staff.

As noted above, there are two pending NOPVs issued by Staff related to these MAOP and uprating issues. Until the Commission, Staff and Northern can have an opportunity to discuss the pertinent issues related to the historical uprating procedures and what to do about them now, Northern respectfully requests that the Commission issue a temporary stay of all processes and proceedings related to NOPVs PS1601NU and PS1602NUNU.

Given the novelty of the uprating issues and the Company's request for a meeting with the Commissioners and Staff, the remainder of this letter provides additional background to help clarify why a meeting is necessary to begin the process of resolving these important issues.

B. Northern's Distribution Systems Are Safe and Provide Reliable Service to Customers.

Before proceeding further, it is important for the Commission to understand that Northern's distribution systems are safe and do not pose any threats to public safety. As discussed below, the NOPVs raise a concern that certain distribution systems were not tested at what was later determined by PHMSA in 2009 to be a sufficiently high pressure during the uprating process. Northern's prior owners performed the uprates decades ago, and those systems have been providing safe and reliable gas service to Northern's customers. Although the Company is still identifying the systems that may be candidates for additional uprate pressure testing, these distribution systems are constructed of piping that is designed to withstand pressures that far exceed those at which they are currently operating. In fact, these systems were uprated pursuant to the prevailing industry practice at the time, and it is therefore likely that many distribution systems throughout the state, the region and the United States were uprated pursuant to similar procedures and remain in service today.

It is equally important for the Commission to understand that the Company is

committed to bringing its distribution systems into compliance by performing additional pressure tests with procedures consistent with PHMSA's current regulatory interpretation. The Company is working to identify which systems may require additional pressure testing, and is developing a comprehensive remediation plan to perform necessary pressure testing while minimizing customer service disruptions.

C. An Overview of Uprating.

Uprating refers to a process that allows a distribution system operator to increase the MAOP at which it is allowed to operate its system. There are a variety of reasons why an operator may need to uprate its system. For example, when an operator initially constructs a new distribution system, it might establish the MAOP for that system at 30 psig based on the gas consumption of current customers plus a reasonable increment of customer growth. As the system expands and new customers are added, the system may not have sufficient capacity during the winter peak to serve the additional customer load as a 30 psig system.

Uprating provides the operator with a process to increase the MAOP from 30 psig to a higher MAOP, such as 56 psig or 99 psig. The uprating process is regulated by the Minimum Federal Safety Standards for gas pipelines and is codified at Subpart K to Part 192 of Title 49 of the United States Code (the "Code"). Essentially, the uprating regulations in Subpart K require the operator to follow a process for pressure testing that includes the following:

- Prepare a written plan for the uprate to ensure that each step required by the Code is followed (§ 192.553(c)).
- Review the design, operating and repair history of the system (§ 192.557(b)(1))
- Leak survey the system prior to the uprate and repair any leaks that are potentially hazardous (§192.557(b)(2))
- Subject the system to a series of incremental pressure increases, which are commonly called "lifts" (§ 192.557(c))
 - The pressure at each lift is held and the system is leak surveyed (any detected leaks that is potentially hazardous must be repaired before progressing to the next lift) (§192.555(a))

Although the uprating regulations in Subpart K describe the process for performing an uprate, they do not explicitly state how high the pressure must be increased during the pressure test to achieve the desired MAOP.

When establishing the MAOP for a newly constructed plastic distribution system, the federal Code requires that the piping be pressure tested at 150% of the desired MAOP. 49 C.F.R. § 192.513(c). To establish MAOP at 30 psig, the piping must be tested to 45 psig; to establish MAOP at 60 psig, the new piping must be tested to 90 psig; and so forth.

Although it may seem logical that a system should be tested to 150% of desired MAOP during an uprate, there are significant differences between pressure testing a new main or service line and pressure testing a legacy system for the purpose of establishing MAOP. Newly constructed piping is tested far in excess of MAOP before it is placed in service. Increasing the pressure on a distribution system that is actively serving customers to a pressure that is 150% of the desired new MAOP creates potential safety challenges however, due to the fact that customers are directly connected to piping that is being exposed to pressures much higher than those at which the system will be operated. In addition, components installed on the system may be properly rated for the desired MAOP, but they may not be rated for a test pressure of 150% of MAOP. For example, residential service regulators commonly installed on Northern's distribution systems are rated for 125 psig.

Although it is safe to operate those regulators on a 99 psig system, they cannot be subjected to the 150 psig test pressure that would be necessary to uprate a distribution system to 99 psig if the uprate must be performed at 150% of the desired MAOP. The important point to understand here is that customers are connected to the distribution system during an uprate, and therefore due to public safety and other considerations, it is not reasonable to assume that the same test pressure for newly constructed plastic mains also applies to plastic systems during an uprate.

In fact, as discussed in the next section, PHMSA has recognized since the early 1970's that steel pipelines generally only need to be pressure tested during an uprate up to the desired MAOP, not at pressures above the desired MAOP.

D. PHMSA's Interpretation of Its Uprating Regulations.

1. PHMSA's 1973 Interpretation.

On November 14, 1973, PHMSA issued an interpretation to the Tennessee Public Service Commission responding to three questions related to MAOP and uprating.² A copy of the interpretation is provided in Attachment C.³ "Question 3" raised by the Tennessee Commission, and PHMSA's response, are excerpted below:

Question 3: Re: Uprating

"192.557(c) provides that an increase in maximum allowable operating pressure must be made in increments. However, the following questions arise:

"(1) If the maximum allowable operating pressure is to be increased within the 1 psi to 100 psi range, and no test records are available, must it be tested to 90 psi first, in accordance with 192.509, and if so, must the test pressure be approached in the increments specified in 192.557(c)?

"(2) Or, does 192.557(c) require only that the new maximum allowable operating pressure itself be approached in the increments required?

Answer to Question 3

Section 192.557(c) requires only that the new MAOP be approached in increments. In uprating, the pretest to 90 psig would not be required.

(Emphasis added.)

Although this interpretation was provided in the context of steel piping, it nevertheless concludes that to uprate the pipe properly the operator only needs to perform the pressure test in lifts up to the desired MAOP. The operator is not required to perform a pressure test on the piping that exceeds the desired MAOP.

When this PHMSA interpretation was issued in 1973, steel pipeline systems were in wide use and plastic pipelines were far less prolific than they are today. As plastic piping became more popular over time, operators applied PHMSA's 1973 interpretation when uprating plastic pipelines. Thus, when plastic distribution

² Although PHMSA's interpretation does not disclose the desired MAOP upon which the Tennessee Commission's questions were based, it appears from the context of the interpretation that the desired MAOP was 60 psig.

³ Attachment C includes both the 2009 PHMSA interpretation (discussed below) and the 1973 PHMSA interpretation. The 1973 interpretation is at the last two pages of Attachment C.

systems were updated, the industry believed that performing pressure tests in “lifts” up to the new desired MAOP would be sufficient to comply with Section 192.557, and pressure testing in excess of the desired MAOP was not required.

2. PHMSA’s 2009 Interpretation Related to Plastic Pipelines.

For more than thirty years, Northern’s prior owners and other gas pipeline operators applied PHMSA’s 1973 interpretation to their gas piping. When uprates were performed, the pressure on the system was increased in lifts up to the desired MAOP pursuant to Section 192.557, as interpreted by PHMSA.

On October 19, 2006, the Gas Piping and Technology Committee (“GPTC”)⁴ requested an interpretation from PHMSA of Section 192.557 as it relates to plastic piping. Specifically, the GPTC requested PHMSA to confirm that an operator of gas piping that desires to perform an uprate to establish a new MAOP below 100 psig is required to perform the “lifts” required by Section 192.557 up to the desired MAOP, and not test the piping at 150% of the desired MAOP. The GPTC specifically cited PHMSA’s November 14, 1973 interpretation in support of GPTC’s interpretation.

On August 18, 2009, PHMSA responded to the GPTC, stating that:

As the regulatory agency with primary responsibility for pipeline safety in the U.S., PHMSA is obligated to ensure the pipeline safety requirements provide an adequate margin of safety. In carrying out our responsibilities, we appreciate receiving input and views from all stakeholders and particularly appreciate the views of the GPTC. In this case, however, we can not agree that the above referenced interpretation can be applied to plastic pipelines. Under § 192.619 the MAOP requirements for steel and plastic pipelines are not the same. For plastic pipelines § 192.619(a)(2)(I) requires the following:

§ 192.619 - (a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure

⁴ The GPTC is an American National Standards Institute (“ANSI”) Accredited Standards Committee designated as GPTC/Z380 that is responsible for developing and maintaining ANSI GPTC Z380.1, Guide for Gas Transmission, Distribution, and Gathering Piping Systems. GPTC members include personnel with expertise from the natural gas transmission, distribution and manufacturing fields as well as from federal and state regulatory agencies.

that exceeds the lowest of the following:

- (1) ...
- (2) The pressure obtained by dividing the pressure to which the segment was tested after construction as follows:
 - (i) For plastic pipe in all locations, the test pressure is divided by a factor of 1.5.

We agree that § 192.557 allows the uprating of PE pipelines. However, § 192.619 (a)(2)(i) requires the operator to increase the uprating test pressure to 1.5 times the new MAOP in order to meet the lowest limiting factor for the new MAOP. Therefore, in order for the operator to increase the MAOP from 50 psig to 60 psig, a pressure test to 1.5 times the new MAOP (90 psig) must be conducted to comply with the § 192.619 (a)(2)(i) requirements.

(Attachment C; emphasis added.)

It is telling that the GPTC — the committee that literally wrote the book on how to comply with the federal pipeline safety regulations — believed that PHMSA's 1973 interpretation of uprate procedures applied to plastic piping. It was not until PHMSA responded to the GPTC in 2009 that the GPTC and the rest of the industry clearly understood that PHMSA interprets the Code as requiring plastic piping to be pressure tested at 150% of the desired MAOP during an uprate. Given nearly 40 years of gas pipeline operation across the United States between the 1973 and 2009 PHMSA interpretations, there are likely hundreds of plastic distribution systems throughout the country currently in service that were uprated consistent with PHMSA's 1973 interpretation.

Northern reiterates that it does not dispute PHMSA's 2009 interpretation that plastic pipe must be pressure tested at 150% of the desired MAOP during an uprate. The issue here is how to perform any necessary additional pressure testing on distribution systems that were previously uprated in compliance with the then-accepted industry practice and the prior understanding of testing requirements in a way that promotes the public interest and minimizes customer service disruptions.

E. Northern's Establishment of MAOP for Gas Distribution Systems in New Hampshire During the Safety Staff's 1996 NOPV Investigation.

As an example of how accepted these uprate procedures were in the gas industry, Northern provides the Commission with background on an MAOP-related NOPV that the Commission's Safety Staff worked through with Northern's prior owner during the mid-1990s.

During April of 1995, the Commission's Safety Staff began an inquiry of the State's gas LDCs with regard to their establishment of MAOP for their distribution systems. Northern received notification of this inquiry by an April 24, 1995 letter from Commission Staff requesting pressure test and other documentation upon which Northern relied for the establishment of MAOP.⁵ A copy of the Commission's April 24, 1995 letter is provided as Attachment D.

The Commission inspected Northern's records on December 4, 1995, and on February 7, 1996 a Notice of Probable Violation was issued that alleged the following violation:

On December 4, 1995, inspections were made of Northern Utilities records that indicated probable violations of state/federal regulations regarding the maximum allowable operating pressures (MAOP) throughout your system.

It was found that several systems did not have the proper records to support the established MAOP as required and are probably in violation of: CFR Part 192.619 Maximum allowable operating pressure: steel or plastic pipelines.

A copy of the February 7, 1996 MAOP NOPV is provided in Attachment E.

By letter dated March 4, 1996, Northern's prior owner advised the Commission that, like many operators, Northern did not possess the historical records sought by the Commission. A copy of the letter is provided in Attachment F. The letter explained, in part:

The New Hampshire Division of Northern Utilities, based on guidelines set forth by the N.H.P.U.C. Safety Division, has conducted an extensive research and data collection effort in order to more formally establish MAOP throughout its natural gas distribution systems. Typical data

⁵ Northern believes that Liberty's predecessor received a similar request for information.

collected for each of the distribution systems were: six year corrosion leak history relative to mains and services, the current operating pressure, the six year operating pressure range, total length of main and the mix of material type, the percentage of the system with pressure test records, the number of district regulators supplying the system, the number of critical valves and any known pipe failures.

Northern Utilities has been evaluating the data and has developed an ongoing program to establish MAOP throughout its distribution systems.

During the next year, Northern gathered detailed documentation for each of its New Hampshire distribution systems and worked closely with the Commission's Safety Staff to review available documentation and reach an agreement on the established MAOP for each distribution system.

That cooperative effort between the Company and Commission Staff resulted in a September 6, 1996 Final Report issued by the Commission's Safety Staff, a copy of which is provided in Attachment G. The Staff's Report recommends MAOPs for 23 of the Company's distribution systems.

On April 24, 1997, Northern sent a letter to the Commission's Administrator of the Safety Division, Richard Marini, summarizing the joint effort and the resulting MAOPs established for the 23 Northern distribution systems referenced in the Final Report. A copy of the April 24, 1997 letter is provided in Attachment H.

On April 28, 1997, Mr. Marini of the Commission responded to Northern's April 24, 1997 letter as follows:

The New Hampshire Division of Northern Utilities, based on guidelines set forth by the NHPUC Safety Division, did extensive research and data collection to formally establish MAOP. This research resulted in a report that stated the pressures for the various intermediate and high pressure distribution systems and how they corresponded to the federal and state regulatory initiatives.

As a result of the inspections done to ensure proper MAOP and your efforts to comply, based on pressures listed in Northern's letter dated April 24,

1997, we shall consider this issue closed.

Mr. Marini's letter is provided in Attachment I.

Thus, as of April 28, 1997, the Administrator of the Commission's Safety Division was satisfied that MAOP had been established for each of Northern's 23 distribution systems through a joint process whereby the Company provided documentation based on guidelines provided by the Commission to establish MAOP. It is important to note that for several of the systems at issue, MAOP was established to Safety Staff's satisfaction based on uprates that were performed by Northern's prior owner. Staff recommended in its Final Report that the MAOP for five of Northern's distribution systems be established based on uprates performed pursuant to PHMSA's 1973 interpretation of Subpart K. See Att. I at p. 2 (listing Salem IP; Plainstow IP; Dover Pt., Dover IP; Bellamy Lane, Dover IP; Gulf Road, Dover IP as all having MAOP established by uprates performed during 1991-1994).

It is also noteworthy that as recently as 2006, when Northern's prior owner performed an uprate of the Fairway Apartments system in Rochester from 16 psig to 60 psig, the test pressure applied during the uprate was the desired MAOP (60 psig), not 150% of MAOP. This 2006 uprate was performed consistent with the uprating methodology that was accepted by Staff when MAOP was established for other systems in the mid-1990's.

F. The Staff's Recent NOPVs Related to Uprates.

1. NOPV related to the Dover-Durham System Uprated in 1996.

On January 27, 2016, Staff issued an NOPV to Northern (PS1602NU) related to an uprate performed by Northern's prior owner in 1996 on its 99 psig Dover-Durham distribution system (System No. 24). The Dover-Durham system is the primary feed into the Durham area, including the University of New Hampshire. As stated in the NOPV:

The Safety Division alleges that Unitil violated 49 CFR §§ 192.553(b), 192.553(c), 192.553(d), 192.557(a) and 192.557(c), for inadequately pressure testing and operating pipeline segments at pressure levels inconsistent with Unitil's self-established 99 psig MAOP of the pipeline. Main and Service records provided by Unitil and reviewed by the Safety

Division, confirmed that the pipeline was not adequately uprated for plastic mains and services. Pressure test levels, pressure increments used, and retention of leak survey results for each of the pressure increments, were not recorded in accordance with the requirements for uprating, as defined in Subpart K.

In addition, probable violations of §§192.603, 192.605, and 192.619 occurred when the subsequent operations of the pipeline were not in accordance with the operational requirements of Subpart L. The Safety Division alleges that Unitil's Operations and Maintenance procedure used for uprating, was not followed. Additionally, the Safety Division alleges that Unitil has been operating the pipeline at pressure above the MAOP allowed by Subpart L and established by Subpart K.

Att. A at 1-2.

In essence, Staff alleges that when Northern's prior owner uprated the Dover-Durham system about 20 years ago, they performed the pressure test in lifts to a maximum pressure of 99 psig, the desired MAOP. Staff further contends that because the maximum pressure applied during the uprate was 99 psig, the MAOP for this distribution system was established at only about 66 psig (99/1.5), and therefore Northern (under both prior ownership and current ownership) has operated the system above its established 66 psig MAOP for the past 20 years in violation of various federal Code provisions governing MAOP and uprating.⁶ The NOPV also alleges that when Northern's prior owner performed the uprate in 1996, it failed to follow its own O&M procedures governing uprates.⁷

The NOPV seeks \$64,000 in civil penalties from Northern.

2. NOPV Related to Services on Dover-Durham System Installed in 1997 and

⁶ As discussed in the prior section, it is telling that the uprate of the Dover-Durham system that the Staff now alleges to be in violation of the Code provisions governing MAOP was performed contemporaneously and in accordance with the same procedure as other system uprates that were confirmed and accepted by the Staff during that period.

⁷ The O&M procedures of Northern's prior owner for uprates were replaced with new procedures after Unitil Corporation acquired Northern in late 2008. Since 2008, there have been no uprates of distribution systems on Northern's distribution systems in New Hampshire; however, Northern is aware of PHMSA's 2009 interpretation of Section 192.557 and will perform any uprates of MAOP on plastic piping in accordance with that interpretation.

2003.

On January 13, 2016, Staff issued an NOPV (PS1601NU) to Northern related to two services that were installed on the Dover-Durham System by Northern's prior owner. See Attachment B. The first service identified in the NOPV was installed on April 8, 1997 at 69 Stark Avenue in Dover and the second service was installed on September 7, 2003 at 1 Woodland Avenue in Dover. Both of these services were pressure tested to 100 psig at the time of installation.

Similar to the NOPV related to the Dover-Durham System uprate, the NOPV related to these services alleges a series of federal code violations that include 49 C.F.R. §§ 192.13, 192.503, 192.513, 192.603, 192.605, and 192.619. In addition to civil penalties of \$38,000, the services-related NOPV seeks to impose conditions upon Northern that include the following:⁸

1) Provide electronic copies of service records installations for the remainder of the Dover-Durham 99 psig system that have not been forwarded to the Safety Division. These would include services that are located downstream of 54 Central Avenue, Dover (including 54 Central Avenue, Dover. Unitil should review such records and inform the Safety Division of discrepancies with the Unitil declared 99 psig MAOP of the Dover Durham system.

* * * *

5) Prepare a list of all pressure systems in which their current MAOP is established by uprating and include the year in which the uprate occurred, the previous MAOP level and current MAOP level and the number of services supplied by each of the uprated pressure system. This list shall be supplied to the Safety Division within 30 days of the effective date of the signed Consent Agreement.

Northern is concerned that Staff is requesting this information for the purpose of

⁸ The conditions also require Northern to "[r]e-pressure test 69 Stark Avenue and 1 Woodland Avenue to the desired amount . . . within 60 days after the effective date of this Notice of Probable Violation." (Att. B at 8.) Northern had addressed these two services before the NOPV issued. On December 21, 2015 the Company retired the existing service at 1 Woodland and replaced it with a new service that was pressure tested at 150 psig (99 psig * 150%). Northern pressure tested the service at 69 Stark Avenue at 152 psig on December 21, 2015.

identifying other distribution systems that were uprated by the prior owner of Northern and other services that were installed by the prior owner that Staff contends were not performed in conformity with Part 192.

G. Northern's Request for: (1) a Meeting with Commissioners and Safety Staff to Discuss Remediation of Work Performed by its Prior Owner; and (2) a Temporary Stay of the Pending NOPVs.

Northern, under its current ownership, is deeply committed to public safety. The Company takes great pride in its safety record and continually strives to improve its safety programs and training to ensure that they are compliant with federal and state codes and follow industry best practices. The Company's management imbues a safety-minded culture throughout the organization to promote the safety of customers, employees and the general public.

As discussed above, Northern has recently received NOPVs related to the 1996 uprating of the Dover-Durham System and the installation of two services on that system in 1997 and 2002. Those events occurred long before Unitil Corporation acquired Northern in late 2008.⁹ Moreover, the two NOPVs seek to assess a combined \$102,000 in civil penalties and impose conditions that appear to be designed to allow Staff to identify other potential alleged MAOP violations that may have occurred prior to Unitil Corporation's acquisition of Northern, and to issue additional NOPVs seeking more civil penalties based on information from the Company.

Northern's current ownership is committed to operating its distribution systems in strict compliance with federal and state gas safety regulations. And, since the Commission's Staff raised concerns with the Company related to uprates that occurred under prior ownership, the Company has performed research to identify whether there are other systems that may be situated similarly to the Dover-Durham System. In other words, the Company has been reviewing its records for the purpose of identifying distributions systems that may have been uprated consistent with PHMSA's 1972 interpretation of Section 192.557 and the industry's

⁹ Puc 511.05(c)(5) requires, in part, that the NOPV include "a description of factors relied upon by commission staff in making its determination," including the "degree of culpability of the respondent." No description of the degree to which Unitil is "culpable" for the 20 year-old activities of the prior owner has been provided in either NOPV, however, nor is there a description of how or whether this factor was relied upon by staff in making its determination.

understanding of the application of that interpretation to plastic piping.

Northern has nearly completed its internal review to identify additional systems that were uprated by its prior owner and pressure tested only up to the desired new MAOP pressure. Upon completion of that review, Northern believes it would be beneficial to the Commission and its Safety Staff to meet to discuss the pertinent issues. In addition to any issues identified by the Commissioners and Staff, Northern believes the following should be discussed:

1. How many and which systems with plastic piping were uprated prior to Unutil Corporation's acquisition of Northern;
2. Of the uprated systems identified by Northern, which systems have MAOP's that were confirmed by Staff on April 28, 1997 in relation to the resolution of the 1996 MAOP NOPV (the "1997 Staff Confirmed MAOPs By Uprate");
3. The Company's plan to perform mitigation pressure tests at 150% of MAOP on the following systems:
 - a. All plastic systems that were uprated by Northern's prior owner that are not included in the 1997 Staff Confirmed MAOPs By Uprate; and
 - b. All plastic systems included in the 1997 Staff Confirmed MAOPs By Uprate that the Commission desires the Company to pressure test to 150% of MAOP.
4. The Company's estimated time to complete the mitigation work; and
5. What regulatory process, if any, is necessary for the Company to perform the mitigation work.

Northern is mindful that the Commission has a process for NOPVs that is contained in its Puc.500 Rules. The Company is not seeking to shirk or avoid its regulatory responsibilities. Given the unique circumstances discussed in this letter, however, pursuant to Puc 201.05 Northern requests a waiver of Puc 511 as it is being applied to the distribution system uprating and related pressure tests that were performed by Northern's prior owner during the mid-1990's, and further requests a meeting with the Commissioners and the Safety Staff to discuss a reasonable path forward that is fair and appropriate in the circumstances and will result in the efficient performance of additional pressure tests of the distribution systems. Finally, until that discussion can take place, the Company respectfully requests that the Commission issue a temporary stay of all proceedings on NOPVs PS1601NU and

PS1602NU.

We appreciate your consideration of these requests, and I hope you will contact me if you have any questions concerning this matter.

Sincerely,

/s/ Thomas P. Meissner

Thomas P. Meissner, Jr.
Senior Vice President and Chief Operating Officer

cc: Randall S. Knepper, Director, Safety Division (with attachments)