



August 10, 2015

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Ms. Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429

**Re: DG 15-121, Northern Utilities, Inc. Request for Hearing**

Dear Ms. Howland:

By letter dated April 2, 2015, Northern Utilities, Inc. ("Northern" or the "Company") requested a hearing on two Notices of Violation ("NOV") issued by Commission Staff on March 26, 2015. The first NOV (PS1501NU) alleges an overpressuring of the Company's low pressure gas distribution system in Dover, New Hampshire on August 13, 2014 caused by flooding of a below-ground district regulating station that supplies gas to that distribution system (the "Dover NOV"). The second NOV (PS1502NU) alleges an overpressuring of the Company's intermediate pressure gas distribution system in Portsmouth, New Hampshire on June 25, 2014 during an inspection of an above-ground regulator station that was performed by Commission Staff (the "Portsmouth NOV"). For convenience, copies of the NOVs are provided as Attachments 1 and 2, respectively.

Northern hereby withdraws its request for a hearing with regard to the Dover NOV. This withdrawal does not affect the Portsmouth NOV; the Company still disputes the Portsmouth NOV and will proceed to hearing on August 19, 2015 as scheduled. Except for one issue detail described in greater detail below, the Company will consent to the Dover NOV and is willing to pay the \$17,500 civil penalty assessed in the NOV. There is a condition that the Dover NOV seeks to impose on the Company, however, which the Company is not willing to accept because it concerns the Portsmouth NOV that the Company continues to dispute. The condition at issue in the Dover NOV states:

Section 2 L, subsection 6, of Unitil's Operating and Maintenance Manual shall be amended within 30 days to specifically preclude setting of pressures of monitor regulators so that MAOP is not exceeded. Although Unitil's practice is to set monitor regulators so that they are below the MAOP, the manual should be clarified to specifically preclude the possible interpretation of the current language that a 10% buildup is allowable over the MAMOP. Unitil shall notify the Safety Division of the

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amended language once completed, noting where the previous language and amended language has been modified.

(Dover NOV at 5.)

The above-quoted condition has nothing to do with the Dover NOV. Instead, as discussed below, it relates directly to the allegations in the Portsmouth NOV. Thus, while Northern no longer disputes the Dover NOV, and will pay the \$17,500 civil penalty, the Company respectfully requests that the Commission not impose a condition that relates to the Portsmouth NOV.

To allow the Commission to better understand these issues, the Company offers the following brief background on the two NOVs.

### **The Dover NOV.**

The Dover NOV (Attachment 1) alleges that the Company overpressured its Dover low pressure system on August 13, 2014 when a regulator station on Rutland Street became flooded with storm water. The Rutland Street station is constructed below ground in two separate vaults. Both vaults filled with stormwater and caused the pressure regulators in those vaults to both malfunction. As a result of the flooded vaults, the pressure on the Dover low pressure system exceeded the maximum allowable operating pressure ("MAOP") for about 50 minutes. (Dover NOV at 1-2.)

The Dover NOV alleges violations of two federal Code provisions: 49 C.F.R. § 192.619 and 49 C.F.R. § 192.195. Essentially, the NOV contends that the Company should have designed the Rutland Street regulator station to extend the "pilot vents" for the pressure regulators above ground:

The Safety Division's visit to the Rutland Street vault revealed that the gas pressure regulator's vents were not extended outside the vault as customarily done by other operators in New Hampshire. The vents became filled with water which then resulted in the pressure regulators not operating correctly.

(Dover NOV at 2.)

The Dover NOV alleges that the failure to extend the pilot vents above ground was an insufficient design in violation of Section 192.195, and the overpressuring of the Dover low pressure system was in violation of Section 192.619. (*Id.*)

The Dover NOV does not seek to impose any condition on the Company that would require it to extend the regulator pilot vents above ground. This is likely because the Company had already moved the pilot vents above ground for the Rutland Street station prior the Commission Staff commencing any enforcement action. The Company has also inspected its remaining below-ground regulator stations and has developed a program to retrofit

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them with above-ground venting. In other words, the deficiency alleged in the Dover NOV—pilot vents that did not extend above-ground—has already been addressed by the Company.

### **The Portsmouth NOV.**

The Portsmouth NOV alleges that the Company overpressured its Portsmouth intermediate pressure system on June 25, 2014 during an inspection conducted by the Commission's Staff of the Company's New Hampshire Avenue regulator station. During that inspection, the Commission's staff directed Company personnel to simulate the failure of certain pressure regulating equipment, which resulted in the pressure within the New Hampshire Avenue Station rising slightly above MAOP for a brief period.

The Portsmouth NOV alleges violations of the same two federal Code provisions cited in the Dover NOV: 49 C.F.R. § 192.619 and 49 C.F.R. § 192.195. Essentially, the NOV contends that the Company had adjusted the "monitor" regulator set point in the New Hampshire Avenue station too close to the 56 psig MAOP for the Portsmouth IP system:

The Safety Division's inspection of the Pease Regulating Station [a/k/a New Hampshire Avenue station] **revealed that the gas pressure regulator's control settings were set too close to the MAOP and did not account for pressure buildup that can be expected when monitor and worker regulators are configured in close proximity.**

(Portsmouth NOV at 2.)

Thus, the gravamen of the Portsmouth NOV is that the regulator "control settings" at the New Hampshire Avenue station "were set too close to the MAOP and did not account for pressure buildup."

The Portsmouth NOV seeks to impose the following condition on the Company:

Section 2 L, subsection 6, of Unutil's Operating and Maintenance Manual shall be amended within 30 days to specifically preclude setting of pressures of monitor regulators so that MAOP is not exceeded. Although Unutil's practice is to set monitor regulators so that they are below the MAOP, the manual should be clarified to specifically preclude the possible interpretation of the current language that a 10% buildup is allowable over the MAOP. Unutil shall notify the Safety Division of the amended language once completed, noting where the previous language and amended language has been modified.

(Portsmouth NOV at 4.)

It is noteworthy that this is the exact same condition contained in the Dover NOV. The Dover NOV, however, has nothing to do with how close regulator set points are to MAOP.

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Instead, the Dover NOV is based on allegations that pilot vents should have been extended above ground.

The Company has recently confirmed with Commission Staff, however, that this condition was intentionally included in both NOVs.

To summarize, Northern respectfully withdraws its request for hearing on the Dover NOV. The Company no longer contests that NOV and will pay the \$17,500 civil penalty assessed in the NOV. The Company respectfully requests that the Commission not impose the regulator set point condition because it has no logical connection to the alleged deficiencies stated in the Dover NOV, and is more appropriately considered in the context of the Portsmouth NOV. Moreover, as the Company continues to dispute the Portsmouth NOV and it is proceeding to hearing, the regulator set point condition will be subject to review and consideration by the Commission.

The Company will be prepared to discuss these issues during the hearing scheduled for August 19, or at any other time at the Commission's convenience.

In closing, Northern emphasizes that it is deeply committed to the safety and reliability of its gas distribution systems. And, although the Company has decided to concede the Dover NOV, it assures the Commission that appropriate redesign measures have been taken to avoid similar incidents related to below-ground regulator stations. Moreover, during the Dover incident the Company received no reports from the public of gas odors in proximity to the Dover distribution system, and gas leak surveys conducted immediately following the incident on mains and services on the Dover system resulted in no gas leak detections. Thus, although there was a brief overpressuring of the Dover distribution system on August 13, 2014, there is no indication that public safety was compromised during the incident.

Very Truly Yours,



William D. Hewitt

WDH:bmh

Enclosures

cc: Service List