

Prepared Statement for Rick Terven, Executive Vice President, UA
US Department of Energy -- Quadrennial Energy Review Meeting

Phoenix Auditorium

Connecticut Department of Energy & Environmental Protection

79 Elm Street, Hartford, CT 06106

April 21, 2014

Approximately 2:30 p.m.-3:15 p.m.

Good afternoon. My name is Rick Terven and I am the Executive Vice President of the United Association of Plumbers and Pipe Fitters, a multi-craft union whose members are engaged in the fabrication, installation and servicing of piping systems. I am happy to be here today on behalf of UA General President Bill Hite, who has been an outspoken leader on the need to repair and upgrade our nation's aging infrastructure, particularly our natural gas pipeline networks.

There are approximately 370,000 highly-skilled UA members throughout the United States, Canada and Australia. Much of the day-to-day work of our membership is devoted to improving the sustainability and efficiency of our nation's energy systems, including:

- Clean water systems; safe sanitation systems; reliable, efficient energy production, distribution and transportation.
- Pollution-control technology across all industries—including refineries, power plants, manufacturing and more...
- Green building; we are very active in new green construction and retrofits of older buildings because we handle water, heating and cooling systems.

Our pipeline infrastructure is one of our country's most important energy assets and we must maintain it if we are to enjoy the benefits of clean, abundant natural gas. As the production of domestic natural gas increases and accounts for a greater share of the nation's electricity generation, we need to ensure the necessary infrastructure is in place to bring these sources to market. Upgrading the standards of our current natural gas pipelines will create thousands of jobs for American workers and help protect the environment with reduced energy costs, fewer emissions, and increased resilience during severe weather.

Pipeline Upgrades are Crucial for Public Safety and the Environment

For most of us, the more than 1.25 million miles of natural gas distribution pipeline across the United States are out of sight — and out of mind — until something goes wrong.

That's what Harlem residents learned just two months ago when a cast iron gas main from 1887 — over 127 years old — exploded and leveled two buildings. According to the Department of Transportation (DOT), New York City still uses about 3,000 miles of these decades-old cast-iron gas pipes. Boston is similarly fitted with about 2,000 miles and Philadelphia about 1,500 miles. Nationally, the DOT estimates that more than 30,000 miles of decades-old cast iron pipe are still being used to deliver gas.

Although these pipes have been identified by the Pipeline and Hazardous Materials Safety Administration (PHMSA) as particularly vulnerable to corrosion and compromise, they have been in use since the 1830's and are still used today, accounting for half of all pipelines located in New Jersey,

New York, Massachusetts and Pennsylvania. They make up significant parts of systems in some of New England's largest cities, including New York, Boston and Philadelphia.

There are currently more than 3,000 leaks in the natural gas pipeline system that services the city of Boston, according to new research from Boston University and Duke University. The same researchers discovered nearly 6,000 in Washington D.C. [See slide 1] There, several manholes were discovered to have methane concentrations as high as 500,000 parts per million of natural gas - about 10 times greater than the threshold at which explosions can occur. Methane is the second-largest greenhouse gas emitted into the atmosphere, contributing 18 percent of our emissions.

Infrastructure Investments Create Jobs, Promote Healthy Communities

Gas companies throughout the country, recognizing the problem with the deteriorating network, are engaging in pipeline replacement programs. But according to the American Gas Foundation, at the current rate of replacement, it could take up to 30 years or longer for many pipeline operators to upgrade just the distribution part of the pipeline network.

We can't wait that long. Every day that we postpone this critical investment, we are placing the health, and even the lives, of our citizens at risk. Adopting a more aggressive timeframe for replacing leak-prone pipes replaced over ten years would reduce the amount of gas leaking from the system, return value for gas customers paying for lost gas, improve public safety, and cut greenhouse gas pollution.

The BlueGreen Alliance (BGA) estimates that accelerating the repair timeline could expand this into a \$7.8 billion-per-year market that would create hundreds of thousands of jobs, save businesses and consumers almost \$1.5 billion dollars, and keep 81 million tons' worth of global warming pollution out of the atmosphere.

Many State and Local Leaders are Stepping Up

In Massachusetts, Governor Deval Patrick has led the state's Department of Public Utilities to launch incentive programs to encourage gas companies to replace leak-prone pipelines and operate more efficiently. This is an important initiative, as the state's natural gas pipeline distribution system ranks sixth among state systems in number of miles of main distribution pipelines made of cast iron or bare steel.

The city of Chicago is undertaking a similar program, launching a 10-year initiative to repair and replace about 900 miles of water mains and 2,000 miles of gas pipelines. UA members in the Chicago area have been working on this initiative from the beginning, but unfortunately this kind of commitment to infrastructure improvements is the exception, not the rule.

Our Priorities Moving Forward

Support for Key Legislation: We support legislative efforts to expedite the build-out and repair of our natural gas pipeline network. For example, we support Senator Ed Markey's proposed legislation, which has two parts:

"The first bill -- the Pipeline Modernization and Consumer Protection Act of 2013 -- would accelerate the repair, rehabilitation, and replacement of

natural gas distribution pipelines that are leaking or pose high risks of leaking due to their age, material, or condition. To expedite these upgrades, the bill requires utilities and state regulators to consider adopting policies that prioritize repair timelines to address the leakiest pipes first; cost recovery programs that allow companies to more quickly recover the capital they spend to replace pipelines; and limits on the amount of lost and unaccounted for gas for which utilities can charge consumers.

“The second piece of legislation - the Pipeline Revolving Fund and Job Creation Act -- would establish a state revolving loan fund for natural gas pipeline repair and replacement to provide additional tools to states and utilities to address old, leaking pipeline infrastructure. This pipeline revolving fund is modeled on the extremely successful and popular Drinking Water and Clean Water State Revolving Funds. States would identify natural gas pipeline projects and, as with the established state revolving funds, would have to match 20 percent of the federal funds they receive under this program.”¹

Swifter Permitting Process by the DOE and Federal Energy Regulatory Commission: In the short term, another corrective measure would be to improve the federal approval process for natural gas pipeline permit applications. Right now, the regulatory process can cause significant delays in the construction of critical infrastructure, even though the Energy Policy Act of 2005 establishes a 90-day deadline for the approval of applications. There are currently no enforcement measures to effectuate this rule and the process is further complicated due to the number of

¹ “Markey Urges Consideration of Natural Gas Leaks Legislation,” March 14, 2014.
<http://www.markey.senate.gov/news/press-releases/-markey-urges-consideration-of-natural-gas-leaks-legislation>

agencies involved in permit approvals. We support changes to the permitting process that streamlines this process.

Support for the BGA's ReCAP Campaign and Similar Programs: ReCAP (Replacing Cities' Aging Pipelines) is a great example of using education and advocacy tools to promote and accelerate large-scale investments, innovative financing approaches and supportive policies for improving our natural gas pipeline infrastructure. The campaign is an education and advocacy initiative supported by BGA's four national environmental partners and from BGA's ten major union partners, as well as the national AFL-CIO. Together these organizations represent more than 15 million Americans and recognize the importance of investing infrastructure to improve our environment and also to create good-paying jobs.

Finding Innovative Ways to Finance Natural Gas Pipeline Projects: The UA actively works with policymakers, stakeholders, and the public to brainstorm innovative ways to finance infrastructure projects. This involves community education and awareness efforts, encouragement of public-private partnerships, and partnering with consumer groups and state officials to develop mutually acceptable finance solutions.

We have found that it is important engage consumer groups, in particular, because ratepayers often bear the brunt of postponed improvements. Nationally, consumers paid at least \$20 billion for gas that was unaccounted for and never used between 2000 and 2011, according to a recent report prepared by Democratic staff on the House Natural Resources Committee.

Conclusion

We have learned a lot about pipelines in the last several decades, and we know how to build them better and safer than ever before. New pipeline technology and safety advances that were not available when many of our current pipelines were originally installed can readily address environmental risk factors and dramatically improve efficiency.

It's time we make these investments to ensure that our pipelines are safe, reliable and built to last. We are hopeful that the QER process will help foster a commitment to this effort.

On behalf of General President Hite and the entire United Association, thank you for inviting us to participate in this important meeting.