

# MAINE PUBLIC UTILITIES COMMISSION

18 State House Station, Augusta ME 04333

Sharon Reishus, Chairman; Vendeau Vafiades, Jack Cashman, Commissioners  
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## NEWS RELEASE

**For Immediate Release**

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### ***MPUC APPROVES UNITIL CAST IRON REPLACEMENT PROGRAM FOR PORTLAND AND WESTBROOK***

**Augusta, Maine**—Today the Maine Public Utilities Commission voted unanimously to approve a replacement program for Unitil's (formerly known as Northern Utilities--Northern) cast iron, bare steel and wrought iron gas pipe, and an upgrade of the company's low-pressure system in Portland and Westbrook. The Office of the Public Advocate and State Legislative Representatives Hinck, Adams, Rotundo and Haskell endorsed an agreement with the Company outlining the term of the program. Details regarding benchmarks for completion, incentives for cost-efficient completion and a cost recovery mechanism will be developed in the upcoming rate case. The Commission's vote allows Northern to begin the program in 2011, set a completion objective of 14 years (end of 2024) with final completion in no more than 17 years (end of 2027) if necessary to reduce congestion-related concerns and achieve cost savings by coordinating with municipal improvement schedules.

"We appreciate that the parties have put in the effort to resolve points of fundamental disagreement and that all parties have signed on. We accept the agreed upon term of the program with the understanding that the Company will work toward 100% completion in 2024, extending another 3 years only if necessary to accommodate municipal schedules," noted Commission Chair Sharon Reishus. "We believe that this program balances safety and ratepayer concerns, efficiency and financial responsibility. With the removal of out-moded gas pipes and making system upgrades, more businesses will be able to convert to or expand their use of natural gas in these communities."

In this case, the Commission's role was to make a decision—while balancing public safety risks with the cost to ratepayers—as to the total time period over which to order Northern to replace its cast iron and bare steel pipes with state-of-the-art polyethylene plastic piping materials. Northern had proposed a replacement program of 15-20 years in duration and Commission staff had recommended a 12-year replacement program. Interveners argued against a short duration program out of concerns about disruption and rate effects. Various projections by the company, intervenors and the staff indicate that this program could result in an increase of 4-5% in total residential bills. The agreement specifies that a rate mechanism that caps rate effects be developed for Commission consideration in the Company's base rate proceeding which is expected to be filed later this year or early next year. On July 1<sup>st</sup>, the Commission rejected a prior Stipulation because the program lacked enforceable progress markers and cost containment measures. Such details will require additional time to work out.

Background: Upon its take-over of Northern in December 2008, Unitil inherited approximately 65 miles of cast iron and 10 miles of bare steel natural gas pipes in Portland and Westbrook. The original gas pipe systems were installed from the late 1800's to the early 1900's to carry manufactured coal gas; most of the remaining cast iron pipes are over 70 years old. The removal of the cast iron and bare steel materials and replacement with polyethylene plastic or protected steel pipe have been a focus of regulatory efforts to improve public safety since the late 90's.

In 2004, the Commission approved a settlement agreement between Northern and the Office of the Public Advocate for a four-year replacement program in Lewiston and Auburn that removed 49 miles of cast iron pipe and cost approximately

\$15 million. Northern reported on the Lewiston-Auburn project and then filed a proposal at the Commission for a similar replacement program in Portland/Westbrook. In April, the Commission released the “Bench Analysis” -- a document which outlines Commission staff’s legal and technical analysis of the issues in the case. The Commission held a public witness hearing in Portland on June 9<sup>th</sup>. The Hearing Examiner’s Report—the staff’s summary of and recommendations for the case—was released June 16<sup>th</sup>. The Revised Stipulation was filed on July 6<sup>th</sup>. For more information, go to the Commission website ([www.maine.gov/mpuc](http://www.maine.gov/mpuc)) and access the Virtual Case File. Enter docket number 2008-151 in the Case ID field to retrieve available documents.

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*The Maine Public Utilities Commission regulates electric, telephone, water and gas utilities to ensure that Maine citizens have access to safe and reliable utility service at rates that are just and reasonable for all ratepayers. Commission programs include Maine Enhanced 911 Service, and Dig Safe.*