

**MEDIA ADVISORY****GEORGIA PUBLIC SERVICE COMMISSION**

FOR IMMEDIATE RELEASE: January 6, 1998**CONTACT:** Shawn Davis, Public Information Officer
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**PSC INVESTIGATION OF PIPELINE SYSTEM OF
ATLANTA GAS LIGHT COMPANY****Information Sheet**

On January 6, 1998, the Georgia Public Service Commission (PSC) issued a Rule Nisi Order (Show Cause Hearing) against the Atlanta Gas Light Company (AGL) charging, among other things, that the utility has failed to replace and adequately protect a corroding natural gas pipeline system. Atlanta Gas Light Company will answer to the PSC's charges at a hearing scheduled for March 31, 1998.

Records show nearly 10,000 potentially hazardous (Grade 1) gas leaks were reported during a three year (1994, 1995 & 1996) survey period in the Atlanta and Peachtree Distribution areas (Atlanta system covers roughly the City of Atlanta; Peachtree system covers Sandy Springs, Buckhead, Doraville, Chamblee, Brookhaven, Dunwoody) There have been 19,972 total leaks reported during the same period (includes Grade 1, Grade 2 or Grade 3). An analysis by the PSC Office of Pipeline Safety indicates nearly 50% (9,406 leaks) of all the leaks reported are the result of aging cast iron and corroding bare steel pipe. The areas of concern within the AGL territory are primarily confined to the Atlanta area where most of the older pipe exists and over 80% of the corrosion leaks are occurring. AGL maintains that the interconnected pipe systems make it impossible to determine just how much gas is being lost from the system in the Atlanta area.

THE PUBLIC SHOULD NOT BE ALARMED

While PSC officials are concerned that certain areas of the pipe system are in need of attention, the public should not be alarmed. The deficiencies in the system alleged by the PSC did not occur overnight, but rather have escalated over time to the point where immediate attention is warranted. In recent years in Georgia, while there have been hazardous incidents resulting from pipe corrosion, there have been no reported fatalities.

The PSC is simply trying to prevent incidents by facilitating a modernization plan to make the system safer.

A gas utility in our neighboring state of South Carolina recently implemented a successful modernization program. In 1991, South Carolina Electric & Gas Company completed a 10 year modernization program which replaced 50% of their distribution system (over 700 miles) where bare steel, cast iron and galvanized pipe existed in Columbia. The company made the decision to upgrade the system after experiencing low pressure problems, a high percentage of unaccounted for gas, and an average of 1200 system leaks per year resulting from corroding pipes. Today the company is experiencing less than a third of the leaks which occurred on the system in 1981. When comparing maintenance costs incurred had the modernization not taken place, the company expects a good return on their investment over the next thirty years.

BACKGROUND

The PSC investigation was initiated by a pre-Olympics security review of the natural gas pipeline system. The review found that AGL has destroyed leak survey records in violation of federal regulations. Leak survey records prior to 1991 were found to have been destroyed which are crucial for the utility and Pipeline Safety Inspectors to determine what corrosion control methods are being utilized and whether pipe replacement is necessary. Because most of the system is only surveyed for leaks every three years in compliance with federal regulations, every survey year is only turning up leaks found on a third of the system. Without leak history information, it is difficult to have a clear understanding of the state of the system as problems generally occur within the same geographic area.

The utility has over 1.4 million customers in its territory. The pipe system has over 327 miles of cast iron pipe, 1,992 miles of bare steel main and 65,000 bare steel services. Most of the cast iron exists in the Atlanta (242 miles), Savannah (68 miles) and Macon (10 miles) distribution areas. The oldest main in service in Atlanta was installed in 1889.

INVESTIGATION

The evidence shows AGL has failed to stick to a Replacement Program, encouraged of utilities by the federal Office of Pipeline Safety, to rid the system of cast iron installed in the late 1800's and early 1900's. Where bare steel still exists in the system, the utility has allegedly violated federal pipeline safety regulations by failing to cathodically protect bare steel pipe - a process where corrosion is prevented by impressing a direct current upon an underground metallic pipe. Additionally, while federal regulations require replacement of pipe where deterioration is found which could result in a pipe fracture, the utility has patched the lines only to continue to have repeat leaks in the same vicinity.

Cast Iron Pipe

In 1991, the National Transportation Safety Board (NTSB) issued replacement recommendations to utilities with cast iron pipe following an August 1990 explosion and fire which killed two people in Allentown, Pennsylvania caused by a crack in a 4-inch cast iron

gas main. As was the case in Pennsylvania, in many instances, gas breaks have occurred in conjunction with failures in the water system infrastructure - broken water mains cause soil to erode around brittle pipes causing them to collapse.

In 1995, AGL informed the PSC it had started a 10 year Cast Iron Replacement Plan in 1988 to remove 608 miles of cast iron pipe in their system at that time. The cast iron normally is corrected through plastic pipe inserts or is replaced with coated steel pipe. The PSC review, however, indicates the utility has only replaced approximately 50% of the cast iron pipe and the replacement program is scheduled to be completed by October of 1998.

Federal regulations require that the utility record the condition of a pipe when corrosion leak repairs are made to evaluate deterioration. To make this determination, the industry standard has been that pipe samples are taken to a laboratory to check for deterioration. Each sample tested between 1994 and 1996 (none performed in 1997) showed deterioration. Federal regulations require replacement, not repair, in such instances. AGL procedures call only for replacement where so many incidents per 1000 feet occurs and then a cost analysis is performed before doing any replacements.

Since the 1990 incident, the NTSB has issued numerous alerts, notices and surveys for gas operators to complete on their cast iron replacement programs.

Bare Steel Pipe

In the early 1900's, gas distribution companies began to install bare steel pipe for high pressure gas lines where cast iron could not be used. In 1970, Federal regulations prohibited installation of bare steel pipe in environments where corrosion is likely to occur.

Where active corrosion is found on bare steel pipe, if a test reveals that less than 30% of the original wall thickness remains, the pipe must be replaced. PSC Inspectors have found numerous work orders where the wall thickness is well below 30% of the original wall thickness. Rather than replacing the pipeline, workers for the utility have applied clamps in an attempt to contain the problem.

If the pipe has active corrosion but is not required to be replaced, the bare steel pipe must be repaired and then cathodically protected - a process where a direct current flows across an underground metallic pipe to prevent and protect against corrosion. Reports filed by AGL with the Federal Department of Transportation Office of Pipeline Safety, as well as field investigations by PSC Pipeline Safety Inspectors, indicate the company is not cathodically protecting the pipes.

HEARING TO BE HELD

The Georgia Public Service Commission will hold a hearing in this matter on March 31, 1998 and April 1, 1998, at its offices at 47 Trinity Avenue at 10:00 a.m. If the matters asserted by the PSC prove to be true, each violation could result in fines of up to \$1,000 per violation

before July 1, 1997, and \$500 for each day the violation continued without corrective action before July 1, 1997; and \$15,000 per violation occurring after July 1, 1997, and \$10,000 for each day a violation continued without corrective action after July 1, 1997.