



THE COMMONWEALTH OF MASSACHUSETTS
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October 19, 2018

Carrie Hightman
Executive VP and Chief Legal Officer
NiSource Inc.
801 E. 86th Avenue
Merrillville, IN 46410

Dear Ms. Hightman,

We are writing to express our frustration with Columbia Gas' remediation efforts relating to the disaster in Lawrence, Andover, and North Andover. In the aftermath of your company's over-pressurization of gas pipelines, Columbia Gas must repair dozens of miles of gas main pipe; replace thousands of home service lines; install gas furnaces, water heaters, stoves, and dryers in over ten-thousand homes; reimburse affected residents' evacuation expenses; and meet the ongoing alternative housing, transit, and food needs of tens of thousands of affected residents.

Following the explosions, our Office has maintained a consistent presence at Columbia Gas' Lawrence claims center, spent time at the Lawrence relief center, attended community meetings, fielded hundreds of calls on our dedicated hotline, and received dozens of written reports from affected residents. While your company has repeatedly assured the public and government officials that it has the situation under control, our experience assisting residents shows that on many fronts, Columbia Gas is failing to meet community needs, even while temperatures continue to drop precipitously.

Columbia Gas is not providing adequate information and help to thousands of residents whose lives it upended. In some cases, it appears that Columbia Gas is inappropriately trying to spare itself expense while externalizing the costs of this disaster on affected residents, many of whom simply cannot afford it. Moreover, your company's reports on the progress of restoration work raise questions about your ability to restore service and complete repairs by November 19th. Based on our interactions with hundreds of affected residents, we have a variety of concerns, further described below.

1. Lack of reasonable alternative housing, poor communication about alternative housing, and lack of information regarding associated transit and meal expenses.

There are approximately ten thousand households without heat and hot water. Last night, temperatures were near freezing. Residents are reporting that children and seniors are getting sick. As temperatures continue to drop, an already urgent need for alternative housing is

becoming dire. While Columbia Gas has announced that it will provide temporary housing, its efforts to place residents have fallen woefully short. On October 5th, Columbia Gas announced that over 3,000 hotel rooms along with hundreds of trailers and apartments were available, and that residents who called the alternative housing hotline that day would be placed. However, our Office was repeatedly told that rooms were not actually available that day. Residents continue to struggle to be admitted to alternative housing. As of October 18th, nearly two thousand of the hotel rooms, many of the trailers, and nearly all of the apartments secured by Columbia Gas were unoccupied.

As these numbers suggest and as our experience reflects, many residents are still unaware that alternative housing is available—including residents who are making other types of claims with Columbia Gas. Even when residents do request alternative housing, their requests are often unmet for days or even weeks, and some requests appear to have been lost or never documented. When residents are offered hotels, those rooms are often far away from residents' schools, jobs, daycare facilities, and healthcare providers. For example, residents have been offered placements at Logan Airport and in Foxborough, nearly 60 miles away.

Residents report that transportation and additional meal expenses are not consistently addressed when discussing hotel placement. For instance, our Office encountered a resident who was placed in a hotel with no means of transit to her job, and we have spoken to multiple residents who were placed in distant hotels with no means of paying for additional meal expenses. When meal expenses are addressed, some residents have waited days for preloaded debit cards.

Columbia Gas must place more residents in alternative housing. The company should secure additional local housing units and do more to notify affected residents of the option to relocate and receive help with meals and transit. Every claimant who seeks any form of relief from Columbia Gas should be asked about their current living situation and offered alternative housing. As part of this conversation, transportation and meal expenses must also be addressed.¹ Additionally, Columbia Gas should proactively contact every affected customer to offer placement, including by leafleting neighborhoods. We also ask that Columbia Gas report to us on its efforts to secure alternate housing in or closer to the Merrimack Valley region and explain why apartments and trailers remain unoccupied.

2. Dysfunctional Claims Process.

Along with failing to adequately address placement in alternative housing and connected expenses, Columbia Gas is not providing a consistent or comprehensive claims process. A simple and effective claims process is crucial to meeting the needs of thousands of affected residents. Columbia Gas' claims process fails to meet this standard and suffers from a variety of shortcomings that should be fixed promptly.

Inconsistent and incomplete information. Columbia Gas' claims process often provides residents with varying and inadequate information. For some residents, Columbia Gas has seemingly attempted to narrow the scope of claims to only those expenses incurred in the

¹ Columbia Gas should also ensure that any affected resident who seeks a bed at a congregate shelter is offered alternative housing.

immediate aftermath of the initial evacuation. Meanwhile, other similarly situated residents have been told to continue to submit reimbursement requests for new expenses, particularly if they press these issues with their adjusters. We have also heard of cases in which Columbia Gas appears to be nickel-and-diming residents relating to food spoilage and other expenses. There do not seem to be clear and consistent standards regarding what types of expenses will be covered, methods of coverage (i.e., up front compensation vs. reimbursement) and what constitutes a 'reasonable' expense.

Moreover, adjusters do not regularly and affirmatively explain to claimants the service restoration process or options for equipment installation and replacement. Residents attempting to replace equipment and appliances on their own are subjected to rules that repeatedly change. Given that the block-by-block repair process will require significant coordination with residents and potentially their landlords, we are concerned that the failure to comprehensively approach claims will result in delays in restoring heat and hot water.

Additionally, while Columbia Gas is telling some residents that it will pay up front for temporary housing arranged by the resident, it is telling other residents that this option is not available. One adjuster reportedly agreed to cover the expense of a hotel booked by the resident up front but asked her not to tell her neighbors. Columbia Gas needs to implement and publicize clear and reasonable standards so that residents understand their options.

Unresponsive adjusters. Columbia Gas requires residents seeking remediation and assistance to funnel their requests through assigned adjusters. However, in some cases, adjusters are unreachable, uncommunicative, or non-responsive.² Some residents wait days for adjusters to return their phone calls and are not informed when adjusters are switched. The Attorney General's staff has also had trouble reaching adjusters and their managers. Some adjusters have refused to speak with our Office, and our calls are not always returned, even when a return phone call has been promised. Residents and adjusters are also reporting claim processing issues that seemingly relate to data entry errors, prematurely closed claims, lost paperwork, or capricious and inconsistent responses to their requests. Adjusters themselves are reporting changing policies that are challenging to implement. It appears that Columbia Gas has created an unnecessarily complicated claim adjustment process and has not hired sufficient staff for the task at hand. We have been told that a single adjuster may have hundreds of assigned claims. Columbia Gas needs to better staff this project and provide the necessary oversight.

Lack of Coordination with the Relief Fund Center. Many residents do not understand that the Columbia Gas claims process and the payments from the Essex County Community Foundation are distinct. Once residents receive their \$550 Relief Fund payment, many incorrectly believe they have utilized the Columbia Gas claims process and obtained all possible relief. Co-locating the Relief Fund Center and Columbia Gas' claims center would ensure that residents are able to receive relief from the Foundation while also pursuing their separate claims with Columbia Gas.

Lack of Data Transmission Security. Adjusters often request that claimants email or text pictures of social security cards, passports, and driver's licenses, but do not appear to use a

² The company tasked with finding temporary housing for residents also fails to return phone calls and does not itself give out contact information.

secure portal for this purpose. Columbia Gas needs to ensure that its data collection processes are secure.

3. Failure to Provide Food Stipends.

For families unable to obtain alternative housing, food options are limited and often more expensive than home cooking. While Columbia Gas provided hot plates, this is often insufficient.³ A family cannot be expected to regularly cook meals for an extended period on a hotplate, or even with a microwave or toaster oven without incurring additional costs. Foods suited to microwave or toaster oven preparation are considerably more expensive and many residents complain about the additional expense of feeding their families and the monotony of these meals. Given that Columbia Gas has deprived these families of heat and hot water for over a month, the least the company can do is cover the additional expense of prepared foods. Columbia Gas must implement a daily meal allowance supplement for residents who remain in their homes.

4. Abandoned plans regarding electrical inspections, space heaters, and temporary heat solutions.

In the immediate aftermath of the disaster, Columbia Gas embarked on a plan to install temporary electric space heaters in thousands of homes in order to avoid relocating affected residents. After weeks of pursuing this plan, Columbia Gas predictably discovered that many residential electrical systems were not adequate to safely operate the space heaters. The company then abandoned the effort, but failed to develop a plan to ensure that households that failed electrical inspections received alternative heating or housing.⁴ Columbia Gas also failed to effectively communicate to the community that it was abandoning the electrical assessment plan. Scheduled appointments were missed without notice, causing residents to miss work, and information regarding the cancelled inspection process was not provided even when residents called asking about their missed appointments.

For residents who did not receive alternative housing and were told they could not have space heaters, the remaining option seemed to be upgrading their electrical systems and/or installing a temporary alternative heating source. Columbia Gas was often unhelpful in this regard, providing conflicting information to residents and failing to offer a smooth pathway for these installations. For instance, while Columbia Gas initially approved mini-splits for some residents, and told others that they could obtain estimates for these units, Columbia Gas has since reversed its position, claiming mini-splits constitute an upgrade. Our Office has heard from residents who, at the direction of adjusters, obtained multiple mini-split installation estimates. While these claims have now been denied, these residents are observing neighbors moving forward with approved installations—and in at least one case, the neighboring installation appears to cost more than the denied installation.

³ There are reports of smoking hotplates, hotplates that cause electrical systems to short when used in combination with space heaters, and buildings that do not allow use of hotplates.

⁴ We are regularly encountering residents who were told their electrical systems failed inspection but are using multiple self-procured space heaters.

Given the issues associated with alternative housing and the lagging speed of repairs, all temporary heating solutions should be on the table. In light of the enormity of the disruption caused by the company, any effort to avoid these expenses is unacceptable.

5. Poor Scheduling and Planning.

As part of the block-by-block repair and installation process, Columbia Gas needs to notify residents when their equipment and appliances will be replaced. While the company created an interactive map ostensibly to provide real-time information regarding the timing of repairs and service restoration, this map has not worked well and is offline at present. Residents report that they are not being given notice of when their streets will be visited by the work teams, or the notice provided only designates a multi-day period. After staying home and missing work, some residents did not see a work team. There is no reason that Columbia Gas cannot provide residents with better notice and a reasonable window of time when they must be at their properties.

6. Failure to Provide Guidance to Landlords and Small Businesses.

Columbia Gas has also failed to provide both notices and substantive guidance to landlords and small business owners. Many landlords and businesses report serious losses that Columbia Gas has failed to effectively address. Some have not been provided with information on available relief. Others have received inconsistent responses to requests for assistance. Many landlords are unaware that they can make claims for lost rental income, prompting some to try to evict their tenants. Adjusters have also provided tenants with conflicting information about whether Columbia Gas will pay landlords for lost rent. When businesses do make claims, some are ignored or left in the dark regarding required documentation. Business owners have reported that they will have to close if they do not receive claim payments before the end of the month.

7. Lack of Progress as Winter Weather Approaches.

Columbia Gas has repeatedly opined that its plans for remediation are sufficient. The company has deflected concerns about limited alternative housing placement and failure to provide temporary heating solutions by promising to complete the remediation by November 19th. To date, relatively few homes are ready for a gas relight. In total, Columbia Gas is reporting that only 407 meters are “house ready.” The company still has seven thousand more meters to make “house ready” and must install appliances in nearly ten thousand homes. Unless the company significantly increases the resources applied to the block-by-block repair process, thousands of homes will be left with no heat amidst winter temperatures. Without mitigation, the damage from frozen pipes will be enormous.

Columbia Gas must be clear and forthcoming with residents about the timeline for full restoration and take active steps to ensure that residents are protected in the event of delays. Your company must place residents in alternative housing or provide them with viable temporary heating solutions. This is particularly important for residents whose homes are scheduled later in the block-by-block work process. Columbia Gas should also create a contingency plan to drain water pipes and otherwise winterize homes that may not see service restored soon.

While we recognize that Columbia Gas faces a formidable task (albeit of its own making), the company needs to address all these issues promptly. Residents are suffering not only from the damaged gas distribution system, but also from Columbia Gas' inadequate response to this crisis. We look forward to working with you and to receiving the information and documents that we previously requested.

Sincerely,



Glenn Kaplan, Chief
Insurance & Financial Services Division

cc: Steve Bryant, President and Chief Operating Officer, Columbia Gas
Joe Hamrock, President and Chief Executive Officer, NiSource Inc.
Emily Shulman, Esq.