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Federal prosecutors open criminal investigation into Massachusetts natural gas explosions

Gregory Korte and Kevin McCoy, USA TODAY Published 5:33 p.m. ET Nov. 1, 2018 | Updated 8:43 a.m. ET Nov. 2, 2018



(Photo: Charles Krupa, AP)

A federal grand jury is gathering evidence for a criminal investigation into the deadly natural gas explosions that rocked three Massachusetts towns in September, the company that operates the system disclosed Thursday.

In a filing with the Securities and Exchange Commission, NiSource Inc. said it was served with subpoenas by a federal grand jury in Boston on Sept. 24. That was two weeks after a sudden increase in gas pressure caused 131 homes and businesses in the Merrimack Valley to catch fire or explode.

NiSource, the parent company of local utility Columbia Gas, says it's cooperating with the investigation and a parallel probe by the National Transportation Safety Board.

The NTSB has said that [Columbia Gas gave bad work orders](https://www.usatoday.com/story/news/nation/2018/10/11/ntsb-natural-gas-explosions-columbia-gas-lawrence-north-andover/1604415002/) to crews replacing old, cast-iron pipes in Lawrence, Massachusetts. Those orders failed to take into account a pressure-sensing feedback line, causing the system to pump high-pressure gas into the system.

More: [Massachusetts natural gas explosions: Feds say Columbia Gas issued faulty work orders](https://www.usatoday.com/story/news/nation/2018/10/11/ntsb-natural-gas-explosions-columbia-gas-lawrence-north-andover/1604415002/).

Homes and businesses across Lawrence, Andover and North Andover were destroyed. One person was killed and 23 were injured. Thousands were evacuated; many remain homeless.

The incident demonstrated the perils of the aging natural gas infrastructure to neighborhoods around the country.

A [USA TODAY investigation published Thursday](https://www.usatoday.com/in-depth/news/nation/2018/11/01/natural-gas-cast-iron-pipeline-explosion-fire-leak-safety-phmsa/1362595002/) shows progress has been slow in upgrading tens of thousands of miles of old, cast-iron and bare steel pipelines, despite decades of government warnings. Boston and its suburbs [have some of the oldest gas pipes in the country](https://www.usatoday.com/story/news/2018/09/14/boston-merrimack-valley-cast-iron-natural-gas-pipes-aging-infrastructure/1300246002/).

More: [Pipeline peril: Natural gas explosions reveal silent danger lurking in old cast iron pipes](https://www.usatoday.com/in-depth/news/nation/2018/11/01/natural-gas-cast-iron-pipeline-explosion-fire-leak-safety-phmsa/1362595002/)

More: [Natural gas explosions: Boston-area gas pipes among oldest and leakiest in US](https://www.usatoday.com/story/news/2018/09/14/boston-merrimack-valley-cast-iron-natural-gas-pipes-aging-infrastructure/1300246002/)

NiSource President Joseph Hamrock spoke of the catastrophe during a conference call with investors and financial analysts Thursday.

"This tragic event has been a humbling experience for all of us at NiSource and Columbia Gas," he said. "We realized that much work lies ahead of us to finish our service restoration in Greater Lawrence, and regain the trust of our customers and the communities we serve."

Attorneys who represent victims of the explosions said they appreciate NiSource's recognition of its responsibility" and said the company should speed efforts to get life back to normal.

"Businesses have shuttered, and lives have been upended. We need to get these families and communities back on their feet, and look forward to working with the company to ensure that the victims get the resources they need right away to get back on their feet and back to work," attorneys Doug Sheff, Leo Boyle, Lou Farrah and Frank Petosa said in a formal statement.

The explosions forced service shutdowns to roughly 8,500 gas meters, including approximately 700 businesses, NiSource said.

More: [Massachusetts explosions: Owner of Columbia Gas linked to three prior gas line blasts \(/story/money/2018/09/15/massachusetts-explosions-nisource-columbia-gas-linked-previous-blasts/1302447002/\)](https://www.usatoday.com/story/money/2018/09/15/massachusetts-explosions-nisource-columbia-gas-linked-previous-blasts/1302447002/)

The disaster has cost the company about \$462 million so far, the company reported. But it said it expects the expenses will be "substantially recovered" through insurance payments.

NiSource said it has about \$800 million in liability insurance coverage.

The costs include \$415 million in third-quarter expenses for personal injuries, property and infrastructure damage, and payments to other utilities that aided with the restoration effort, the company said.

NiSource faces legal action from victims of the blasts, including a possible class-action lawsuit.

The company's shares closed up fractionally at \$25.37 in Thursday trading.

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