

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Pennsylvania Public Utility Commission
v.
UGI Utilities, Inc.

Public Meeting held May 9, 2013
2295974-ALJ
C-2012-2295974

STATEMENT OF COMMISSIONER WAYNE E. GARDNER

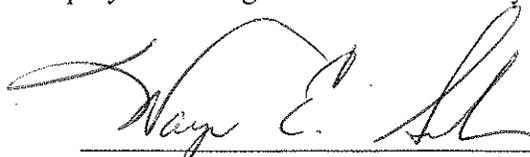
Over the course of my 5-year tenure on the Commission, I have expressed my views on the operation of the UGI companies on numerous occasions. Just last year I authored motions rejecting the proposed settlements filed in *PUC v. UGI Central Penn Gas*, M-2011-2155312, (June 13, 2012) (alleged failure to mark lines resulting in a 3rd party line strike) and *PUC v. UGI Utilities, Inc.*, M-2012-2141712 (June 13, 2012) (alleged unsafe work processes related to a line hit).¹ Today, the Commission must once again consider a Settlement involving UGI Utilities failure to properly mark its pipelines.

This natural gas explosion occurred on October 31, 2011, in Millersville. One home was almost completely destroyed and a neighboring business was damaged. Total damage was estimated at \$455,000. The explosion occurred when a third-party contractor ruptured an eight-inch UGI plastic gas main operating at 42 psig. According to the Complaint, UGI failed to properly mark its underground facilities, failed to establish procedures to locate lines, failed to have appropriate measures in place to address damage prevention, failed to perform timely inspections of a shut-off valve, and failed to shut down the gas line in a timely manner. All of these failures either contributed to or caused the explosion.²

Obviously, these cases demonstrate a need for the UGI companies to develop rigorous processes and procedures for marking pipelines and responding to third party requests to locate lines. The UGI companies also need to ensure that their employees are properly trained in these processes. The civil penalty of \$200,000 agreed to in the Settlement is adequate. However, the parts of the Settlement which are essential to my support are the agreement by the utility to update procedures for line location and emergency shut offs, and the agreement by the utility to provide remedial training for all line location employees at the three UGI companies. I recommend that the UGI companies complete the remedial measures and employee training within the next sixty days.

May 9, 2013

Date



Wayne E. Gardner, Commissioner

¹ I have also voiced opposition with regard to the UGI companies' security certificate filings because my review of their financials led me to believe that the companies were earning a substantial return and paying overly generous dividends to shareholders, while not investing in its plant sufficiently. Securities Certificate Filings of UGI Penn Natural Gas, S-2011-2258334, UGI Utilities Inc., S-2011-2258347, and UGI Central Penn Gas, Inc., S-2011-2258221.

² In *PUC v. Central Penn Gas*, had the matter been litigated, Prosecutory staff would have alleged that UGI did not exercise reasonable care to reduce hazards to others by failing to: locate and correctly mark its main; follow its procedures related to damage prevention in marking its lines; inspect the pipeline as frequently as necessary during the excavation to verify its integrity; and, to examine the portion of exposed pipeline for evidence of external corrosion. The proposed Settlement required UGI to pay a civil penalty of \$5,000 and modify its Damage Prevention Plan Final. That settlement was rejected by the Commission, and the case is still pending.