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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PA P.U.C.  
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement, :  
Complainant :

v. :

Docket No. C-2016- 2437295

The Peoples Natural Gas Co., LLC :  
Respondent :

NOTICE

A. **You must file an Answer within 20 days of the date of service of this Complaint.** 52 Pa. Code § 5.61(a). The date of service is the mailing date as indicated at the top of the Secretarial Letter. See 52 Pa. Code § 1.56(a). The Answer must raise all factual and legal arguments that you wish to claim in your defense, include the docket number of this Complaint, and be verified. You may file your Answer by mailing an original to:

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

B. The answer must be in writing and (1) set forth in paragraphs numbered to correspond with the complaint; (2) advise the parties and the Commission as to the nature of the defense; (3) admit or deny specifically all material allegations of the complaint; (4) state concisely the facts and matters of law relied upon; and, (5) include a copy of a document, or the material part of a document when relied upon in the answer. If the writing or a copy is not available, the answer must set forth that the document is not available and the reason, and set forth the substance of the document. 52 Pa. Code § 5.61(b).

C. Alternatively, you may eFile your Answer using the Commission's website at [www.puc.pa.gov](http://www.puc.pa.gov). The link to eFiling is located under the Filing & Resources tab on the homepage. If your Answer is 250 pages or less, you are not required to file a paper copy. If your Answer exceeds 250 pages, you must file a paper copy with the Secretary's Bureau. If you choose to e-file, hard copies should be mailed to:

Adam D. Young, Prosecutor  
Michael L. Swindler, First Deputy Chief Prosecutor  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-3265

D. If you fail to answer this Complaint within 20 days, the Bureau of Investigation and Enforcement will request that the Commission issue an Order imposing the penalty.

E. You may elect not to contest this Complaint by paying the civil penalty within 20 days. Your check or money order for the civil penalty should be payable to the Commonwealth of Pennsylvania and mailed to:

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

F. If you file an Answer which either admits or fails to deny the allegations of the Complaint, the Bureau of Investigation and Enforcement will request the Commission to issue an Order imposing the penalty set forth in this Complaint.

G. If you file an Answer which contests the Complaint, the matter will be assigned to an Administrative Law Judge for hearing and decision. The Judge is not bound by the penalty set forth in the Complaint, and may impose additional and/or alternative penalties as appropriate.

H. If you are a corporation, you must be represented by legal counsel. 52 Pa. Code §1.21.

I. Alternative formats of this material are available for persons with disabilities by contacting the Commission's ADA Coordinator at 717-787-8714.

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**FORMAL COMPLAINT**

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NOW COMES the Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement (“I&E”), by its prosecuting attorneys, pursuant to Section 701 of the Public Utility Code, 66 Pa.C.S. §701, and files this Formal Complaint against The Peoples Natural Gas, Co. LLC, (“Peoples,” “Company,” or “Respondent”) alleging violations of the Pennsylvania Code, Public Utility Code and Code of Federal Regulations. In support of its Formal Complaint, I&E represents the following:

**Parties and Jurisdiction**

1. The Pennsylvania Public Utility Commission (“PUC” or “Commission”), with a mailing address of P.O. Box 3265, Harrisburg, PA, 17105-3265, is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public

utilities within the Commonwealth pursuant to the Public Utility Code, 66 Pa.C.S. §§101, *et seq.*

2. Complainant is the Commission's Bureau of Investigation and Enforcement and is the entity established to prosecute complaints against public utilities pursuant to 66 Pa.C.S. §308.2(a)(11). Complainant's counsel are as follows:

Adam D. Young  
Prosecutor  
[adyoung@pa.gov](mailto:adyoung@pa.gov)  
717.772.8582

Michael L. Swindler  
Deputy Chief Prosecutor  
[mwindler@pa.gov](mailto:mwindler@pa.gov)  
717.783.6369

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-3265

3. Respondent is The Peoples Natural Gas, Co. LLC, a natural gas utility, with offices located at 375 North Shore Drive, Suite 600, Pittsburgh, PA 15212.

4. Respondent is a “public utility” as that term is defined at 66 Pa.C.S. §102,<sup>1</sup> as it engages in providing public utility service as a natural gas distribution company to the public for compensation.

5. Section 501(a) of the Public Utility Code, 66 Pa.C.S. §501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Public Utility Code.

6. Section 701 of the Public Utility Code, 66 Pa.C.S. §701, authorizes the Commission, *inter alia*, to hear and determine complaints against public utilities for violations of any law or regulation that the Commission has jurisdiction to administer or enforce.

7. Section 3301 of the Public Utility Code, 66 Pa.C.S. §3301, authorizes the Commission to impose civil penalties on any public utility, or any other person or corporation subject to the Commission’s authority, to enforce violation(s) of the Public Utility Code and/or Commission regulations. Section 3301 further allows for the imposition of a separate fine for each day’s continuance of such violation(s).

8. Respondent, in providing gas distribution service for compensation, is subject to the power and authority of this Commission pursuant to Section 501(c) of the

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<sup>1</sup> At 66 Pa.C.S. §102, “Public utility” is defined under that term at subsection (1)(i) as:

- (1) Any person or corporation now or hereafter owning or operating in this Commonwealth equipment or facilities for:
  - (i) Producing, generating, transmitting, distributing or furnishing natural or artificial gas, electricity, or steam for the production of light, heat, or power to or for the public for compensation.

Public Utility Code, 66 Pa.C.S. §501(c), which requires a public utility to comply with Commission orders.

9. Pursuant to the Commission's regulations at 52 Pa. Code §59.33(b), the Commission's Gas Safety Division, which is part of I&E, also has the authority to enforce the federal gas pipeline safety regulations, set forth in 49 U.S.C.A. §§60101, *et seq.*, and implemented in 49 CFR Parts 191-193 and 199, 49 CFR §§191-193, 199.

10. Pursuant to the provisions of the applicable Commonwealth and federal statutes and regulations, the Commission has jurisdiction over the subject matter of this complaint and the actions of Respondents related thereto.

11. Pursuant to 49 CFR §192.605, Peoples has a manual of written procedures for conducting operations and maintenance activities and for emergency response.

12. "Peoples Natural Gas Standard Operating Procedure / Section: 160 Leak Management / SOP: 02/ Leak classification and action criteria" states:

### **III. Leak classification and action criteria**

\* \* \*

- A. "Grade 1 leak" – A leak representing an existing or probable hazard to persons or property. Such leaks require prompt and continuous action until conditions are no longer hazardous or until permanent repairs are made. All "Grade 1 leaks" should be reported immediately to the appropriate office for prompt action.

\* \* \*

"Grade 2 leak" – A leak recognized as being nonhazardous at the time of detection, however, justifies scheduled repair based on probable future hazard. All "Grade 2 leaks" should be re-evaluated every 180 days until repaired or cleared. All "Grade 2 leaks" shall be repaired or cleared within one year from

discovery not to exceed 15 months unless otherwise authorized by Operations Executive Sign off.

**IV. Re-evaluating Leak Indications**

- A. When a leak requires reevaluation, it should be classified using the same criteria as when the leak indication was first discovered. A leak classification may only be changed with Management approval after additional on site evaluation and/or migration of the leak has occurred allowing the leak classification to be changed. A brief explanation of the reclassification must be documented on the leak form.
- B. When conditions warrant, rechecks of repaired leakage should be conducted.
- C. "Grade 2 leaks" may vary in degree of potential hazard; therefore, those situations involving greater risk should be brought to the attention of the individual responsible for scheduling repair.

13. "Peoples Natural Gas Emergency Plan 5-15-2013 / Section 55.2 Reporting

Safety Related Conditions / Identifying Safety Related Conditions" states:

- 1. Except for the conditions outlined in Section 2 below, each Company shall report any of the following safety related conditions involving gas pipeline facilities:

\* \* \*

- e. Leaks constituting an emergency. (Class 1 Leak)<sup>2</sup>

14. "Peoples Natural Gas Emergency Plan 5-15-2013 / Section: 25.1 Examples

of Possible Emergencies" states:

The following are examples of situations that could result in emergencies throughout the Peoples Natural Gas service area:

\* \* \*

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<sup>2</sup> The terms "Grade 1" and "Class 1" will be used interchangeably throughout this Complaint, as well as the terms "Grade 2" and "Class 2". Peoples' Standard Operating Procedure and Emergency Plan refer both to Grades and Classes of leaks.

2. Detection of gas inside or near a building (as measured with a combustible gas indicator).

15. Peoples Natural Gas Job Procedures No. 507 / Inside Leak and Odor

Complaints states:

Where an investigation discloses a concentration of gas inside of a building (a strong odor of gas or any measurable gas reading in the free air) use a telephone remote of the leak to call dispatch or a supervisor for assistance from the local emergency responders:

1. Clear the room, building, or area of all occupants. Do not re-enter the room, building, or area until the space has been determined safe using a combustible gas indicator.
2. Use every practical means to eliminate sources of ignition. Take precaution to prevent smoking, striking matches, operating electrical switches or devices, etc.
3. Shut off the supply of gas to the appliance, areas involved or building.
4. Notify Dispatch or the Operations Center to contact other applicable utilities to ensure that electric and phone are shut off to the affected buildings. Dispatch and Operations Center will notify emergency 911 for assistance if they are not yet on site.
5. After it has been determined safe using a combustible gas indicator, ventilate the affected portion of the building by opening windows and doors.
6. Implement Safety SOP 360.20 Prevention of Accidental Ignition of Natural Gas as necessary.

16. The following incidents illustrate systemic issues with Respondent's operations regarding leak classification, leak monitoring, leak repair, leak surveys, and leak reporting. I&E alleges that Respondent repeatedly failed to follow its own procedural manual for operations, maintenance, and emergencies by allowing hazardous conditions to continue well beyond the acceptable timeframe for repair.



## **Background**

### **A. 102 E. GRANT STREET, LATROBE, PA:**

17. Peoples Natural Gas Emergency Plan and Emergency Plan Guidelines, as set forth in Paragraphs 15-16 above, state that gas detected inside or near a building is an emergency situation. Peoples Natural Gas Standard Operating Procedure, as set forth in Paragraph 13 above, states that such an emergency constitutes a “Class 1 leak.”

18. The Bureau Consumer Services informal complaint number 3193080, regarding 102 E. Grant Street, Latrobe, PA, was referred to the Commission’s Gas Safety Division because Peoples’ response to this informal complaint stated, “PEOPLE NAT GAS STILL GETTING GAS LEVEL READING.”

19. On February 25, 2014 Gas Safety Inspector Ralph Graeser met representatives from Peoples at 102 E. Grant Street and found a reading of 0.4% gas in the drain going to the sump in the basement.<sup>3</sup>

20. The 4-inch bare steel pipeline located on E. Grant Street was installed in 1952. As of February 25, 2014, Peoples had not replaced any of this pipeline, but it had made several repairs.

21. Mr. Graeser reviewed Peoples’ leak investigation documentation, which was initiated by an odor complaint call from the resident at 102 E. Grant Street (“the residence”) on Saturday, February 8, 2014. According to this investigation, on this date, a reading of 2.5% gas was found in the sump well in the basement. Peoples classified the

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<sup>3</sup> Natural gas becomes combustible at 5% gas in the air (referred to as the Lower Explosive Limit, or LEL). Under 49 CFR 192.615(a)(3)(i) ANY level of gas detected inside or near a building constitutes an emergency as an actual or potential hazard to life or property.

leak as a Class 1 Leak, report number 2042420. A crew responded to the Class 1 leak, exposed 15 feet of main, repaired a leak with 1 clamp, and applied “gas patch” on 5-feet of the 15-feet of exposed pipe. They worked through the night, completing their work at 12:33 AM Sunday, February 9, 2014. However, at that time, a service person could not gain access to the residence to check for gas inside. The crew closed the leak report and left the site.

22. At 11:53 AM Sunday, February 9, 2014 a service person returned to the residence and checked for gas inside. The service person still found gas in the sump well. The service person called for a crew and a new leak report was written (#2050998). The crew set a vent and downgraded this leak report from a Class 1 to a Class 2 leak, and marked conditions changed. There is no record of repairs made on this leak report.

23. At 5:15 PM Sunday, February 9, 2014 a service person performed a “Sensit Test” recheck and found gas inside of 0.12% gas in ambient air, and 5% gas “coming from black pipe in sump pump.” The service person further noted, “advise crew advise Kevin.” The crew then left the site.

24. At 10:04 PM Monday, February 10, 2014, service person returned to the residence and noted “Class 1 called and waited for a crew”. The crew referred the Class 2 leak (#2050998) to a Class 1 leak (#2050510) and attempted a repair to the main. They exposed 5-feet of main and installed 3 clamps. The crew then closed the leak report (#2050998) and left the site.

25. At 6:57 AM Tuesday, February 11, 2014, a service person returned to the residence and found “gas still in sump pump 2% gas in black pipe, 0.5% gas in other pipe, 0.03% gas in house”. No leak report was written.

26. At 8:26 PM Wednesday, February 12, 2014, a service person returned to the residence to recheck for gas, and noted, “recheck black corrugated pipe in sump 2.5% gas assist crew in jetting [venting gas] for 1.5 hours. Recheck still had 2.8% gas crew going to strip main line.” However, no leak report was written, and there is no record of the main being stripped on Wednesday, February 12, 2014.

27. At 7:20 AM Thursday, February 13, 2014 a service person returned to the residence and found 2.5% gas in the drain in the basement. Again, no leak report was written, and there is no record of the main being stripped on Thursday, February 13, 2014.

28. On Friday, February 14, 2014, a crew exposed 5-feet of main at 106 E. Grant Street using a Class 2 leak report. (2055228) The crew used “gas patch” to repair the entire section of pipeline exposed. Again, no other leak report was written, and no record is made of any checks inside 102 Grant Street (residence) at this time.

29. At 2:44 PM Sunday, February 23, 2014 a service person returned to the residence and found “nothing in air” but 0.35% gas “in sump pit.” No leak report was written, and no record exists indicating that the main was stripped on Sunday, February 23, 2014.

30. At 11:16 AM Monday, February 24, 2014 a service person returned to the residence and found “no gas in ambient air” but “0.3% gas “in sump area.” The service

person also noted, "cts. advise supervisor." On this same day, a Class 2 leak report (2055229) for 106 E. Grant Street was worked by a crew. There were 6-feet of main exposed and repaired with gas patch. No other leak report was written.

31. On Tuesday, February 25, 2014 after meeting with Mr. Graeser, Peoples asked the resident of 102 E. Grant Street (Mr. Rager) to evacuate the building until the gas could be removed from the sump in the basement. No other leak report was written.

32. On Wednesday, February 26, 2014 Peoples started to replace the mains and services on E. Grant Street in Latrobe, PA.

33. On Friday, February 28, 2014 Peoples tied in 108-feet of 4-inch plastic main and 5 services. At 102 East Grant Street the reading is 2% gas in the sump. Gas samples were taken and sent to Isotech Laboratory, an independent laboratory, for analysis to determine whether the gas was from a Peoples-owned facility or another non-Peoples-owned source. The analysis revealed that the gas at this location was from Peoples' pipeline. No other leak report was written.

34. On Wednesday March 5, 2014, at 102 East Grant Street the reading is 0.0% gas. The total pipeline replacement on Grant Street will be 390 ft. of 4" pipe, and 17 service lines.

35. On Friday March 7, 2014, the reading at 102 E. Grant Street was 0.0% gas. Mr. Rager was then allowed to return to his home. Peoples supplied a gas alarm monitor for Mr. Rager's peace of mind. No other leak report had been written.

**B. 646 – 647 MAIN STREET, JOHNSTOWN, PA:**

36. Peoples Natural Gas Emergency Plan and Emergency Plan Guidelines, as set forth in Paragraphs 15-16 above, state that gas detected inside or near a building is an emergency situation. Peoples Natural Gas Standard Operating Procedure, as set forth in Paragraph 13 above, states that such an emergency constitutes a “Class 1 leak.”

37. On February 20, 2014, Peoples Natural Gas received an odor of gas call at 647 Main Street, Johnstown. The leak investigation revealed that a reading of 3% gas was found at the electric meter inside. A Class 1 leak report (2056732) was written and the service to 647 Main Street, was exposed. This removed the gas from 647 Main Street at the electric meter inside. The Class 1 leak report (2056732) was then downgraded to a Class 2 leak.

38. Also during the investigation, gas was discovered at the electric meter inside 646 Main Street across the street. A Class 1 leak report (2049461) was written and the service to 646 Main Street was found to be leaking as well. Peoples determined that the service line at this residence had no prospect for reuse under 52 Pa. Code § 59.36, and therefore, properly abandoned the service line. The crew closed the leak report (2049461) and left the site. The gas service to 647 Main Street, remained vented and the Class 2 leak report remained open. (2056732)

39. On February 21, 2014 the Peoples Natural Gas crew returned and jetted<sup>4</sup> all day (purged the ground). There was still a reading of 0.04% gas at the electric meter inside 646 Main Street. No other leak report was written. The crew left the site.

40. On February 22, 2014 the Peoples Natural Gas crew returned and found a reading of 0.035% gas and again jetted all day. The crew waited 45 minutes, after which the reading at the electric meter inside 646 Main Street was 0% gas. No other leak report was written. The crew left the site.

41. On February 23, 2014 the Peoples Natural Gas crew returned and still found a reading of 0.015% gas at the electric meter inside 646 Main Street. The crew jetted all day. No other leak report was written. The crew left the site.

42. On February 24, 2014, the crew replaced the gas service at 647 Main Street. The crew closed the Class 2 leak report (2056732) and left the site.

43. From February 24, 2014 through February 28, 2014, the Peoples Natural Gas crew returned daily and found gas readings of 0.01% gas to 0.03% gas at the electric meter inside 646 Main Street. The crews jetted until the readings at the electric meter inside 646 Main Street decreased to between 0.005% and 0% gas before leaving the site. No other leak reports were written.

44. From March 3, 2014 through March 7, 2014, the Peoples Natural Gas crew returned daily and found gas readings of 0.015% gas to 0.02% gas at the electric meter inside 646 Main Street. The crews jetted daily but the readings at the electric meter inside

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<sup>4</sup> The term "jetted" refers to a technique used to move air through a ground purger, or pump, to create a negative pressure, which sucks residual gas from the ground. This term is used interchangeably with "purging."

646 Main Street remained at levels between 0.01% and 0.02% gas. Nevertheless, the crews departed the site each day. No other leak reports were written.

45. On March 10, 2014 the Peoples Natural Gas crew returned found a reading of 0.015% gas at the electric meter inside 646 Main Street and jetted all day. No other leak report was written. The crew left the site.

46. On March 10, 2014 Mr. Graeser went to Johnstown and the gas readings have continued despite the Peoples' efforts to purge the area daily. Readings of 0.015% gas or higher were found inside the buildings electrical conduit at 646 Main Street from February 21, 2014 to March 17, 2014.

47. On March 18, 2014 a new Class 1 leak report was written and the electric conduit was excavated outside the building. The readings were monitored and there was a 0% gas reading March 19, 2014 inside the building. The leak report was reclassified to a Class 2 and approximately 175 feet of bare steel main was replaced on Saturday, March 22, 2014.

**C. 3427 THORNWOOD DRIVE, BETHEL PARK, PA:**

48. On February 5, 2015, Peoples' personnel documented a Grade 2 leak at 3427 Thornwood Drive, Bethel, PA. There had previously been a leak repair made at this location, and on February 5, 2015, a new leak report was made.

49. On February 9, 2015, Gas Safety Inspector Ralph Graeser conducted a field inspection of the leak at 3427 Thornwood Drive. Using a GMI Gas Surveyor and bar

hole test of the soil, he found that were readings of 52% LEL in the frozen ground 10 feet from the building and 8% gas readings in the repair excavation over the main.

50. Under Peoples' Standard Operating Procedures Section 160 "Leak Management" SOP:02/ Leak Classification and Action, all "Grade 2 leaks" should be re-evaluated every 180 days until repaired or cleared. All "Grade 2 leaks" shall be repaired or cleared within one year from discovery not to exceed 15 months unless otherwise authorized by Operations Executive Sign off.

51. The frozen ground coupled with the gas level readings within 10 feet of the building at this address constitutes an "emergency situation" pursuant to "Peoples Natural Gas Emergency Plan 5-15-2013 / Section: 25.1 Examples of Possible Emergencies" quoted in Paragraph 14 above. Such a leak constitutes a Grade 1 leak requiring continuous action until conditions are no longer hazardous or until permanent repairs are made.

52. On February 9, 2015, a Peoples' service person was called to evaluate the inside of the building. No readings were found inside the building. A Peoples crew was called to the location and excavated a section of the main. Repairs were made and a vent was set until the main could be replaced.

#### **D. STATE ROUTE 88 AT THE DILNER POST OFFICE:**

53. On August 6, 2014 Peoples personnel documented a Class 2 leak at State Route 88 at the Dilner Post Office in Dilner, PA. The leak was re-inspected in February 2015 and remained a Class 2 leak.



54. On April 6, 2015, Gas Safety Inspector Ralph Graeser conducted a field inspection of the leak at this location and, using a GMI Gas Surveyor and bar hole test of the soil, found that there were gas readings of 1.75% gas in the ground at the building and 50% gas readings over the main under the pavement.

55. Peoples Natural Gas Emergency Plan and Emergency Plan Guidelines, as set forth in Paragraphs 12-15 above, state that gas detected inside or near a building is an emergency situation. Peoples Natural Gas Standard Operating Procedure, as set forth in Paragraph 12 above, states that such an emergency constitutes a “Class 1 leak.”

56. The gas level readings against the building as well as the gas readings found under the pavement at this address constitute an “emergency situation” under “Peoples Natural Gas Emergency Plan 5-15-2013 / Section: 25.1 Examples of Possible Emergencies” quoted in Paragraph 14 above. Such a leak constitutes a Class 1 leak requiring continuous action until conditions are no longer hazardous or until permanent repairs are made.

57. On April 6, 2015, a Peoples’ service person was called to evaluate the inside of the building. No readings were found inside the building. A Peoples crew was called to the location and excavated a section of the main in the adjacent street and a leak was repaired.

**E. 2104 ARDMORE BOULEVARD, FOREST HILLS, PA:**

58. On April 15, 2015, Gas Safety Inspector Ralph Graeser conducted a field inspection of the leak at 2104 Ardmore Boulevard, Forest Hills, PA and, using a GMI

Gas Surveyor and bar hole test of the soil, found that there were gas readings of 3.15% gas in the ground one foot from the building.

59. Peoples Natural Gas Emergency Plan and Emergency Plan Guidelines, as set forth in Paragraphs 12-15 above, state that gas detected inside or near a building is an emergency situation.

60. Peoples Natural Gas Standard Operating Procedure, as set forth in Paragraph 12 above, states that such an emergency constitutes a Class 1 leak requiring continuous action until conditions are no longer hazardous or until permanent repairs are made.

61. On April 15, 2015, a Peoples' service person was called to evaluate the inside of the building. No readings were found inside the building. A Peoples crew was called to alleviate the gas readings against the building. No leak repair was made at this time and additional vents were placed.

**F. 214 N. CRAIG ST, PITTSBURGH, PA:**

62. On April 8, 2015, Peoples personnel documented a Class 1 leak at 214 N. Craig Street in Pittsburgh, PA. On April 14, 2015, Peoples personnel repaired a gas leak at this location and removed the vents.

63. On April 15, 2015, Gas Safety Inspector Ralph Graeser conducted a field inspection of the leak at 214 N. Craig Street, Pittsburgh, PA and, using a GMI Gas Surveyor and bar hole test of the soil, found that there were gas readings of 70% gas in

the ground only 10 feet from the building, and gas readings in the repair excavation over the main.

64. The gas level reading in proximity to the building constitutes an “emergency situation” under “Peoples Natural Gas Emergency Plan 5-15-2013 / Section: 25.1 Examples of Possible Emergencies” quoted in Paragraph 14 above. Such a leak constitutes a Class 1 leak requiring continuous action until conditions are no longer hazardous or until permanent repairs are made.

65. On April 15, 2015, a Peoples’ service person was called to evaluate the inside of the building. No readings were found inside the building. A Peoples crew was called to repair the leak at this location.

**G. NATIONAL RESPONSE CENTER REPORT NO. 1110010 – 5<sup>TH</sup> AVENUE AND AMBERSON, PITTSBURGH:**

66. On February 18, 2014, Peoples received a leak call for 5<sup>th</sup> Avenue and Amberson in Pittsburgh, PA. Peoples personnel documented a Class 1 leak at this location, as gas readings were found in telephone manholes. The manholes were vented and the leak was then reclassified as a Class 2 leak.

67. On May 5, 2014, Peoples personnel documented a Class 2 leak at 5<sup>th</sup> Avenue and Amberson while conducting a leak survey. The readings indicated 100% gas, but no repairs were completed. Leak re-investigations were conducted, but no new gas readings were recorded to justify a change in leak classification.

68. On February 3, 2015, Peoples received a call for an odor of gas at 5100 5<sup>th</sup> Avenue. Peoples personnel responded and determined that gas was following the conduit into the building and a Class 1 leak was documented. Peoples personnel vented the conduit outside the building, but no repairs were made by Peoples at this time.

69. On March 3, 2015, Peoples received an odor of gas call for 5213 5<sup>th</sup> Avenue. Peoples personnel evacuated four (4) buildings with gas in the electrical conduits and a Class 1 leak was documented. Peoples personnel vented the conduits outside the buildings, but no repairs were made at this time.

70. On March 9, 2015, the National Response Center sent notice No. 1110010 to PEMA regarding a gas release at 5<sup>th</sup> Avenue and Amberson in Pittsburgh, PA. PUC Gas Safety Inspector Lassine Niambele investigated the notice and found a strong odor of gas at 5227 5<sup>th</sup> Avenue. Peoples personnel were at the scene trying to identify the source of the gas, and documented a Class 2 leak. No repairs were made at this time.

71. On March 11, 2015, PUC Gas Safety Inspectors Ralph Graeser and Lassine Niambele conducted a field inspection of the leak at 5<sup>th</sup> Avenue and Amberson in Pittsburgh. Using a GMI Gas Surveyor and bar hole test of the soil, they found gas readings in the telephone manholes, electrical conduits, and sewer manhole. Gas readings were also found in the ground near the service to 5061 5<sup>th</sup> Ave. Peoples personnel made a repair on the M-4 high pressure pipeline at 5061 5<sup>th</sup> Ave. All vents were removed from this location.

72. On April 15, 2015, Mr. Graeser conducted another field inspection of the leak at 5061 5<sup>th</sup> Ave and found no gas readings using a GMI Gas Surveyor and bar hole test of the soil and around the adjacent buildings.

**H. NATIONAL RESPONSE CENTER REPORT NO. 1114658 BUTLER ST. – FLEMING BRIDGE TO THE HIGHLAND PARK BRIDGE:**

73. On April 19, 2014 Peoples Gas Company personnel documented a Class 2 leak at 6636 Butler St. in Pittsburgh, Pennsylvania. This leak was re-inspected 3 times in 2014 and 3 times in 2015. Additional leak reports were completed by Peoples personnel, and documented as Class 2 leaks at the same location on 11 different dates in 2015.

74. Between February 1, 2015 and March 7, 2015, there were 16 calls to the Allegheny County Emergency Response Center, and relayed to the Pittsburgh Fire Department. Some dates had multiple reports.

75. On February 27, 2015 PUC Gas Safety Inspector Ralph Graeser received a notice from the City of Pittsburgh Fire Marshal Office of a strong odor of gas in the 6300 block of Butler St in Pittsburgh, Pennsylvania. The Allegheny County Emergency Response Center notified the City of Pittsburgh Fire Department to respond to the odor of gas.

76. After the fourth dispatch call on February 27, 2015, the Deputy Fire Chief requested that Peoples get a crew on scene to resolve the problem.

77. Peoples Gas Company personnel had started repairs on January 27, 2015 for a documented a Class 2 leak at Butler Street between the Fleming Bridge and Highland Park Bridge. Peoples Gas Company personnel worked on this leak three (3)

dates in January, nine (9) dates in February, twelve (12) dates in March, eight (8) dates in April and ten (10) dates in May. Throughout this time, there were multiple vents set on the sewer manholes and water valve boxes.

78. On April 25, 2015 the National Response Center issued Report No. 1114658 for an odor of gas on Butler Street between the Fleming Bridge and the Highland Park Bridge in Pittsburgh.

79. On April 30, 2015 Peoples Gas Company personnel repaired a documented Class 2 leak at 6636 Butler Street. This repair reduced the odor of gas at Butler Street from the Fleming Bridge to the Highland Park Bridge. Record of the leak repair indicates “pipe has many large pits” located on 20-inch diameter wrought iron pipe.

80. On May 1, 2015 and May 6, 2015, Peoples Gas Company personnel returned to check for any additional leaks.

81. On May 28, 2015 the Peoples Gas Company personnel completed the final repair located on 20-inch diameter wrought iron pipe.

#### **I. ALCOA DRIVE AND DREY STREET, ARNOLD, PA:**

82. On March 23, 2015, Peoples received an odor of gas call from a resident at 1836 Alcoa Drive. A reading of 0.15% gas was found in a small room in the basement. A Class 1 leak was documented (No. 2057894). The residents were told they could stay in their home and the power remained on.

83. On the same date, Peoples personnel found gas readings in the LEL range in the neighbor's house at 1838 Alcoa Drive. Likewise, the power remained on and the residents were told they could remain in their home.

84. On March 24, 2015, Peoples personnel found a Class 1 leak (No. 2045597) at 1829 Alcoa Drive on the Company's portion of the service line. The leak was repaired with 42 feet of plastic pipe and one leak clamp.

85. On March 25, 2015, Peoples personnel found another Class 1 leak (No. 2036192) at 1009 Drey Street. The leak was on a 12" mainline bell joint and was repaired that same day with three (3) clamps.

86. On March 30, 2015, Peoples personnel found a Class 2 leak (No. 2049046) at 1005 Drey Street. The leak was on a 12" mainline and was repaired the same day.

87. On March 31, 2015, the power was shut off to both 1836 and 1838 Alcoa Drive, as Peoples personnel were recording readings from 0.005% gas to 2.03% gas in both houses in the basement drains, sink drains, and in the basement walls.

88. Pursuant to Peoples Natural Gas Company Standard Operating Procedure No. 507, power should have been turned off to both residences on March 23, 2015 upon discovering gas readings in the basement drains, sink drains, and walls. Leaving the power on created a potential source of ignition of the gas venting into the atmosphere inside these residences. This potential ignition source was left in place for nearly nine (9) days with LEL readings inside both residences.

89. On April 2, 2015, gas was discovered at the fireman's club located at 1100 Drey Street in Arnold, PA. Gas was coming from the basement drains, sink drains, and

in the basement walls. The building was evacuated and power was turned off as soon as gas was discovered in the structure.

90. During the week of April 6, 2015, Peoples began the pipeline replacement on L-1799 from Drey Street to Rankin (Alcoa) Drive, M-184 from Equator Alley to Freeport Road (Drey Street), and M-917 and L-8574 from Drey Street to Rankin Street (Dunn Alley). Drey Street was 12” wrought iron and Alcoa Drive was 4” bare steel pipe. The company contractor either inserted or direct buried new plastic mainline at these locations. The pipeline replacement project was completed on April 28, 2015.

### **Violations**

91. Paragraphs 1 through 90 above are incorporated herein as if stated in their entirety. I&E has reviewed the actions of Respondent, and alleges that as a result of these inspections, Peoples Natural Gas and/or Peoples TWP are in violation of the following state and federal regulations:

#### **A. 102 E. GRANT STREET, LATROBE, PA (PARAGRAPHS 17-35):**

*Peoples failed to follow its Standard Operating Procedures (SOP), Emergency Plans, and Emergency Plan Guidelines as quoted in Paragraphs 12-15 above, in that its personnel documented gas readings inside this building from February 8, 2014 until the readings were cleared Wednesday March 5, 2014. Peoples Natural Gas did not have “continuous action until conditions are no longer hazardous or until permanent repairs are made” as required by its SOP. Moreover, the residents were not evacuated until February 25, 2014 and the building remained in service during the entire period in question.*



**This is a violation of 49 CFR § 192.13(c); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

Peoples Natural Gas crew changed the leak report classification (2050998) from a Class 1 to a Class 2 without checking inside to see if the Class 1 condition had changed. On February 9, 2014 a service person checked inside and found gas still in sump. The service person called for a crew and a new leak report was written. (2050998) The crew set a vent and downgraded this leak report to a Class 2 from a Class 1 and marked conditions changed. There is no record of any repairs made on this leak report.

**This is a violation of 49 CFR § 192.13(c); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

Peoples discovered this Class 1 leak on February 8, 2014 and completed the repair March 5, 2014. This was 18 working days without a safety related condition report as outlined in the Emergency Plan.

**This is a violation of 49 CFR § 191.23(a)(6); 49 CFR § 191.25 (a) and (b); and 52 Pa. Code § 59.33(a).**

Peoples Natural Gas documented gas readings in the ambient air on Sunday, February 9, 2014 17:15 (0.12% gas) and on Tuesday, February 11, 2014 06:57 0.03% gas). There were no other records to indicate what the ambient air readings were until Sunday, February 23, 2014. The residents remained in the building throughout this time until February 25, 2014.

**This is a violation of 49 CFR § 192.13(c); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

Peoples Natural Gas did not have continuous action until conditions are no longer hazardous or until permanent repairs are made. This event action stopped Tuesday, February 11, 2014 and did not start again until February 26, 2014 with the replacement of the pipeline. Repair was not completed until Friday March 7, 2014 when the new pipe was tied in. The residents were not evacuated until February 25, 2014 and the building remained in service the entire time.

**This is a violation of 49 CFR § 192.703(a) and (b); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

**B. 646 – 647 MAIN STREET, LATROBE, PA (PARAGRAPHS 36-47):**

Peoples failed to follow their Standard Operating Procedures (SOP) as quoted in Paragraph 12 above, in that its personnel did not open a Class 1 leak report at this address despite gas readings inside the residence. There was no open Class 1 leak report for 646 Main Street from February 21, 2014 to March 18, 2014.

**This is a violation of 49 CFR § 192.603(b); 49 CFR § 192.13(c); and 52 Pa. Code § 59.33(a).**

Peoples Natural Gas personnel did not have “continuous action until the conditions were no longer hazardous” as required by its SOP. From February 21, 2014 to March 18, 2014, Peoples routinely checked the readings inside 646 Main St. at the electric meter inside and found from 0.005% gas to 0.045% gas. Peoples would periodically jet the area outside the building and leave the site at the end of each day. There was no action to replace the pipeline and remove the gas readings from the building until March 18, 2014.

**This is a violation of 49 CFR §192.13(c); 49 CFR § 192.703(b) and (c); and 52 Pa. Code § 59.33(a).**

**C. 3427 THORNWOOD DRIVE, BETHEL PARK, PA (PARAGRAPHS 48-52):**

Under Peoples’ Standard Operating Procedures Section 160 “Leak Management” SOP:02/ Leak Classification and Action, a Class 2 leak must be repaired within 450 days of discovery and re-inspected within 180 days. The current SOP does not take into account local conditions related to frozen ground when conducting re-inspections of Class 2 leaks. The leaks at these locations were classified as Class 2 leaks in February 2015, but when re-evaluated by Gas Safety Personnel in April 2015, gas was found at or very near the buildings, requiring immediate response. Surface conditions effect the migration of gas in the ground, therefore a shorter timeframe for re-evaluation of a leak should be required in the SOP when surface conditions dictate.

**This is a violation of 49 CFR § 192.723(b); and 52 Pa. Code § 59.33(a).**

**D. STATE ROUTE 88 AT THE DILNER POST OFFICE (PARAGRAPHS 53-57):**

Under Peoples’ Standard Operating Procedures Section 160 “Leak Management” SOP:02/ Leak Classification and Action, a Class 2 leak must be repaired within 450 days of discovery and re-inspected within 180 days. The current SOP does not take into account local conditions related to frozen ground when conducting re-inspections of Class 2 leaks. The leaks at these locations were classified as

Class 2 leaks in February 2015, but when re-evaluated by Gas Safety Personnel in April 2015, gas was found at or very near the buildings, requiring immediate response. Surface conditions effect the migration of gas in the ground, therefore a shorter timeframe for re-evaluation of a leak should be required in the SOP when surface conditions dictate.

**This is a violation of 49 CFR § 192.723(b); and 52 Pa. Code § 59.33(a).**

**E. 2104 ARDMORE BOULEVARD, FOREST HILLS, PA (PARAGRAPHS 58-61):**

On April 8, 2015 a Class 1 leak was found at this address. The sewer manhole was vented at Ardmore Blvd. and Berkley Ave. On April 15, 2015, gas readings of 63% LEL were found in the ground at the Northeast corner one foot from the building. Peoples' SOP does not provide for re-inspection of Class 1 leaks to account for new migration patterns. The gas level reading against the building constitutes a "hazardous condition." Such a leak constitutes a Class 1 leak requiring continuous action until conditions are no longer hazardous or until permanent repairs are made. However, no repairs were made at this time.

**This is a violation of 49 CFR §192.703(b) and (c); 49 CFR § 192.605(a) and (b)(1); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

**F. 214 N. CRAIG ST, PITTSBURGH, PA (PARAGRAPHS 62-65):**

Peoples personnel failed to properly repair or replace the unsafe pipeline following the documented Class 1 leak at this address. One day after Peoples attempted a repair of the leak at this location, Commission Gas Safety personnel found 70% gas in the ground only 10 feet from the building, and gas readings in the repair excavation over the main.

**This is a violation of 49 CFR § 192.703(b) and (c); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

**G. NATIONAL RESPONSE CENTER 1110010 – 5<sup>TH</sup> AVENUE AND AMBERSON, PITTSBURGH (PARAGRAPHS 66-72):**

The leak at this location should have been identified as a Class 1 leak and required continuous action to repair the leak. Peoples personnel first discovered the leak on February 18, 2014 and classified it as a Class 2 leak. On February 4, 2015, gas had migrated into the building at 5100 5<sup>th</sup> Ave. The leak was re-classified as a Class 1 leak, and Peoples personnel vented the electrical conduits at this location.

The leak wasn't repaired until March 11, 2015, after Commission Gas Safety personnel discovered gas readings in the telephone manholes, sewer manholes, and electrical conduits between Amberson and Wilkens Ave.

**This is a violation of 49 CFR § 192.703(b) and (c); and 52 Pa. Code § 59.33(a).**

**H. NATIONAL RESPONSE CENTER 1114658 BUTLER ST. – FLEMING BRIDGE TO THE HIGHLAND PARK BRIDGE (PARAGRAPHS 73-81):**

The leak at this location should have been identified as a Class 1 leak and required continuous action to repair the leak. This leak was never classified as a Class 1 leak, yet vents were set at the sewer manhole to keep gas migration from building up the sewer. Multiple calls to the Pittsburgh Fire Department were made regarding this leak. The leak was first discovered on April 19, 2015 and the final repair was made May 28, 2015.

**This is a violation of 49 CFR § 192.703(b) and (c); and 52 Pa. Code § 59.33(a).**

The Pittsburgh Fire Department responded to this leak for odor calls on at least 12 separate occasions that are documented over a 9 day period. A report was sent from the National Response Center 1114658 Butler St from the Fleming Bridge to the Highland Park Bridge on April 25, 2015. The leak was first found by Peoples Gas Company personnel on April 14, 2014 and documented as a Class 2 leak. Peoples Gas Company personnel worked on this vented Class 2 leak for 31 days from January 27, 2015 to April 30, 2015 before repairing the first leak on a 20-inch diameter section of wrought iron pipe. Peoples Gas Company personnel worked on this vented Class 2 leak for 9 days from May 1, 2015 to May 28, 2015 before repairing the second leak on the 20-inch diameter section of wrought iron pipe. Peoples Gas Company personnel completed the final leak repair on May 28, 2015. There was no evidence presented that the Peoples Gas Company personnel and the Pittsburgh Fire Department personnel were in communications related to this gas leak.

**This is a violation of 49 CFR § 191.23(a)(6); and 49 CFR § 191.25(a) and (b); and 52 Pa. Code § 59.33(a).**

**I. 1836 ALCOA DRIVE, 1838 ALCOA DRIVE, 1100 DREY STREET, ARNOLD, PA (PARAGRAPHS 82-90):**

Peoples failed to follow their Standard Operating Procedures (SOP) as quoted in Paragraph 12 above, in that its personnel did not file a safety related conditions report. Gas readings were present in these structures for twenty (20) working days

without a safety related condition report being filed according to Peoples' Standard Operating Procedure.

**This is a violation of 49 CFR § 191.23(a)(6); 49 CFR § 191.25(a) and (b).** Peoples failed to follow its plans procedures and programs established under 49 CFR Chapter 192, in that it failed to follow its SOP for operations, maintenance and emergencies by allowing gas readings to persist in residential dwellings, as well as potential ignition sources, for twenty (20) working days. Any time gas readings, no matter how small, are present in a building in free air, drains, or walls, it constitutes an emergency requiring prompt action.

**This is a violation of 49 CFR § 192.13(c); 49 CFR § 192.615(a)(3)(i) and (a)(7); and 52 Pa. Code § 59.33(a).**

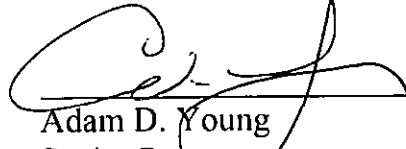
92. For the nine (9) incidents in Paragraph 91 above, there is (are):
- a. Nine (9) violations of 52 Pa. Code § 59.33(a). One for each address;
  - b. One (1) violation of 49 CFR § 192.605(a);
  - c. Four (4) violations of 49 CFR § 192.13(c);
  - d. Three (3) violations of 49 CFR § 191.23(a)(6);
  - e. Three (3) violations of 49 CFR § 191.25 (a) and (b);
  - f. Six (6) violations of 49 CFR § 192.615(a)(3)(i);
  - g. Six (6) violations of 49 CFR § 192.615(a)(7);
  - h. One (1) violation of 49 CFR § 192.703(a);
  - i. Five (5) violations of 49 CFR § 192.703(b);
  - j. Five (5) violations of 49 CFR § 192.703(c); and
  - k. Two (2) violations of 49 CFR § 192.723(b).
93. The total number of violations for all nine (9) incidents is forty-five (45).

94. 66 Pa.C.S. § 3310(c) provides for a civil penalty not to exceed \$200,000 for each violation for each day that the violation persists, except that the maximum civil penalty shall not exceed \$2,000,000 for any incident.

**WHEREFORE**, for all the foregoing reasons, the Bureau of Investigation and Enforcement of Pennsylvania Public Utility Commission respectfully requests:

- a. That after consideration of the record, the Office of Administrative Law Judge and the Commission find Peoples in violation of each and every count as set forth herein, and Peoples be assessed a civil penalty of four hundred and fifty thousand dollars (\$450,000.00);
- b. That Peoples not be permitted to recover any portion of said amounts through rates regulated by the Commission.
- c. That Peoples be Ordered to provide a training program for all Peoples Natural Gas personnel that conduct leak investigations and classifications on the details of the aforementioned circumstances. This program should at a minimum provide an understanding that Class 1 leak reports are required when gas readings with a gas scope are found inside a building; what steps Peoples personnel must do when gas readings are found in the ambient air inside a building; what steps Peoples personnel must consider for continuous action until the hazardous condition is eliminated; and what steps Peoples personnel must take to reclassify a leak from a Class 1 to a Class 2 including correct documentation.
- d. That Peoples be ordered to provide this training to all Peoples Natural Gas operation personnel including contractors that investigate and classify leaks.
- e. That Peoples be Ordered to provide a process for Peoples management to be able to monitor the actions of every Class 1 leak.
- f. That, under 49 CFR § 192.603(c), the Commission Order amendment of SOP Section 160 "Leak Management" SOP:02/ Leak Classification and Action to reflect a shorter re-evaluation period for Class 2 leaks when surface conditions dictate, to provide for a reasonable level of safety.

Respectfully submitted,



Adam D. Young  
Senior Prosecutor  
PA Attorney ID No. 91822

Michael L. Swindler  
Deputy Chief Prosecutor  
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Date: April 8, 2016

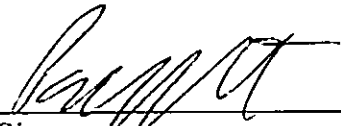
**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2016-
	:	
The Peoples Natural Gas Co., LLC	:	
Respondent	:	

VERIFICATION

I, Ralph Graeser, Supervisor of Gas Safety for the Bureau of Investigation and Enforcement, hereby state that the facts above set forth in the foregoing Formal Complaint are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at any hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to the unsworn falsification to authorities.

8 APR 16  
Date

  
Signature



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

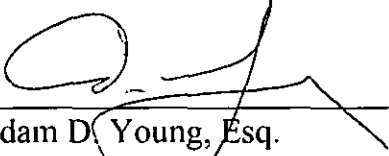
Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement,	:	
Complainant	:	
	:	
v.	:	Docket No. C-2016-
	:	
The Peoples Natural Gas Co., LLC	:	
Respondent	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing Formal Complaint upon the party, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 in the manner indicated below:

**Service by Certified Mail:**

Paul Becker  
Vice President, Operations and Engineering  
Peoples Natural Gas Company LLC  
225 North Shore Drive  
Pittsburgh, PA 15212

  
\_\_\_\_\_  
Adam D. Young, Esq.  
Senior Prosecutor  
Attorney ID No. 91822  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement

P.O. Box 3265  
Harrisburg, PA 17105-3265  
(717) 787-5000

Dated: April 8, 2016