



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

September 21, 2012

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

Re: Pennsylvania Public Utility Commission, Bureau of Investigation and
Enforcement v. UGI Utilities, Inc.
Docket No. C-2012-2308997

Dear Secretary Chiavetta:

Enclosed please find an original copy of the Bureau of Investigation and
Enforcement's (I&E) **Prehearing Conference Memorandum** in the above-captioned
proceeding.

Copies have been served on the parties of record in accordance with the Certificate
of Service. If you have any questions, please contact me at (717) 772-8582.

Sincerely,

Adam D. Young
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. # 91822

Enclosure

cc: As per Certificate of Service
Hon. David A. Salapa

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

v. : Docket No. C-2012-2308997

UGI Utilities, Inc., :
Respondent :

**BUREAU OF INVESTIGATION AND ENFORCEMENT
PREHEARING CONFERENCE MEMORANDUM**

TO ADMINISTRATIVE LAW JUDGE DAVID A. SALAPA:

I. INTRODUCTION

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission) respectfully submits the following Prehearing Conference Memorandum in the above-captioned proceeding in response to the Prehearing Conference Order issued July 19, 2012.

Background

On February 9, 2011, a natural gas explosion occurred at 542 and 544 North 13th Street, Allentown, PA. The explosion killed all five occupants of the two residences and injured a patron at a car wash located across the street. The subsequent fire destroyed or significantly damaged six other residences, which were part of the same structure as 542

and 544 North 13th Street. UGI Utilities, Inc. (Respondent) distributed natural gas to 542 and 544 North 13th Street, Allentown, PA.

Immediately after I&E received notice of the explosion, its gas safety inspectors traveled to the site and began conducting an extensive investigation into the causes of the explosion. The source of the natural gas that led to the explosion was determined to be from a 12-inch cast iron main with a circumferential crack. This cast iron main was located under Allen Street.

I&E's investigation included numerous interviews, observations, the review of independent lab reports, and the review of Respondent's reports and records. From its investigation, I&E determined that Respondent violated the Public Utility Code, Commission regulations and federal gas pipeline safety regulations set forth in 49 CFR §§191-193. These violations formed the basis of the Complaint in the instant proceeding.

II. Person on Service List

The I&E prosecutor who should be entered on the service list in this proceeding is Adam D. Young. Contact information is as follows:

By mail: Adam D. Young
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: adyoung@pa.gov

By telephone: (717) 772-8582

III. Statement Regarding Possible Settlement

I&E is hopeful that this matter can be resolved by a settlement agreement. In the event that a settlement agreement cannot be reached, I&E is fully prepared to litigate this matter.

IV. Discovery

I&E obtained the majority of information necessary to present its case during the investigation that it conducted. However, I&E may identify the need for a few additional documents during the preparation of its case. I&E anticipates being able to complete discovery by November 30, 2012.

V. Proposed Schedule

I&E prefers to present its case at the evidentiary hearing through a direct examination of its witnesses and cross examination of Respondent's witnesses. For this reason, dates for filing written direct testimony, rebuttal testimony and surrebuttal testimony have not been included in the proposed schedule.

I&E proposes the following litigation schedule:

Evidentiary Hearings	Mid-January 2013, expected to take 3-4 days
Main Brief	Thirty (30) days upon receipt of hearing transcript
Reply Brief	Fifteen (15) days after due date of Main Brief

VI. Witnesses

I&E anticipates that it may call the following witnesses to assist in the presentation of its case:

1. Paul J. Metro, Gas Safety Chief
2. Robert S. Biggard, Gas Safety Supervisor
3. Andrew J. Geibel, Gas Safety Engineer

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It is anticipated that these witnesses will address the following issues in their testimony:

- Odorization of natural gas and testing procedures;
 - Replacement of cast iron mains;
 - Closure of curb valves;
 - Respondent's response to the explosion; and
 - Safety of bare steel pipe.
4. Dan R. Pattanayak, Ph.D., Chief Metallurgist
Affiliated Engineering Laboratories, Inc.
777 New Durham Road
Edison, NJ 08817
(732) 429-1200
 - Laboratory evaluation of the 12-inch cast iron main, including the graphitic corrosion that was found on the pipe.

5. Robert S. Carbonara, Ph.D., Senior Analyst
Scientific Expert Analysis
7349 Worthington-Galena Road
Columbus, OH 43085
(614) 888-4160

- Condition of the 12-inch cast iron main and its role in the pipe's failure.

6. J. Roger Craddock, Principal Engineer
Engineering Systems, Inc.
16770 Imperial Valley Drive
Suite 150
Houston, TX 77060

- Natural gas odorant analysis.

I&E witnesses may be reached at the contact information provided above.

Because the witness list was provided without the benefit of complete discovery, I&E reserves the right to call additional witnesses or withdraw the names of witnesses listed above.

VII. Issues

The following is a list of issues that I&E intends to address in this case. I&E reserves the right to address other issues, as it deems appropriate, if any such relevant issues arise.

1. Odorization of natural gas.
2. Timely replacement of cast iron mains.
3. Odorant testing at the site of the explosion.
4. Forces that detrimentally affected the cast iron main.
5. Closing curb valves.

6. Prompt and effective response to explosion.
7. Replacement of bare steel pipe.

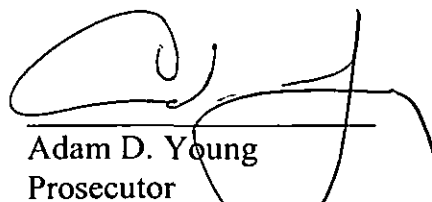
VIII. Evidence

I&E intends to present evidence through the testimony of its witnesses to establish each violation set forth in Section VII of this Memorandum. This evidence includes records pertaining to the 12-inch cast iron main, odorant readings and lab reports.

IX. Conclusion

I&E is willing to make all good faith efforts to successfully resolve this matter through settlement. In the event that settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully litigate this proceeding.

Respectfully Submitted



Adam D. Young
Prosecutor
Attorney I.D. No. 91822

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
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Dated: September 21, 2012

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CERTIFICATE OF SERVICE

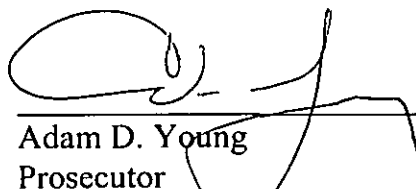
I hereby certify that I have this day served a true copy of the foregoing Prehearing Conference Memorandum dated September 21, 2012, upon the persons listed below, in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

Notification by First Class Mail and Electronic Mail:

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