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February 26, 2013

**VIA E-FILING AND EXPRESS MAIL**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Pennsylvania Public Utility Commission, Bureau of Investigation  
and Enforcement v. UGI Utilities, Inc.,  
Docket No. C-2012-2295974**

Dear Secretary Chiavetta:

Enclosed for filing, please find a copy of the Joint Petition Resolving All Issues Among All Parties in the above-captioned matter. Copies of this document have been served upon the persons indicated on the attached Certificate of Service.

In addition, in accordance with the Order providing for Settlement procedures issued by Administrative Law Judge Kandace F. Melillo on February 22, 2013, a copy of this filing on a compact disc in searchable pdf. format is being sent by express mail to your office.

Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark C. Morrow".

Mark C. Morrow

Counsel for UGI Utilities, Inc.

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility  
Commission, Bureau of Investigation  
and Enforcement

v.

UGI Utilities, Inc.

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Docket No. C-2012-2295974

**CERTIFICATE OF SERVICE**

I hereby certify that I have, this 26th day of February, 2013, served a true and correct copy of Joint Petition Resolving All Issues Among All Parties in the above-captioned matter in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code §1.54 (relating to service by a participant):

**VIA ELECTRONIC AND EXPRESS MAIL:**

Administrative Law Judge  
Kandace F Melillo  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
kmelillo@pa.gov

Wayne T. Scott, First Deputy Chief Prosecutor  
Adam D. Young, Prosecutor  
Allison C. Kaster, Prosecutor  
Pennsylvania Public Utility Commission  
Bureau of Investigations and Enforcement  
Commonwealth Keystone Building  
400 North Street  
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wascott@pa.gov  
adyoung@pa.gov  
akaster@pa.gov



Mark C. Morrow

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility	:	
Commission, Bureau of Investigation	:	
and Enforcement	:	
	:	
v.	:	
	:	
UGI Utilities, Inc.	:	Docket No. C-2012-2295974

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**JOINT SETTLEMENT PETITION RESOLVING  
ALL ISSUES AMONG ALL PARTIES**

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ADMINISTRATIVE LAW JUDGE KANDACE F. MELILLO:

Pursuant to 52 Pa. Code § 69.1201, the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement (“I&E”) and UGI Utilities, Inc. – Gas Division (“UGI”) submit this Joint Settlement Petition to resolve all issues related to the above-captioned I&E formal complaint. As part of this Joint Settlement Petition, the parties request the issuance of an initial decision approving the settlement without modification. Statements in Support of this Joint Settlement Petition, prepared by I&E and UGI, are attached hereto as **Appendices D** and **E** respectively.

**I. INTRODUCTION**

1. The Pennsylvania Public Utility Commission (“Commission”) is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate utilities within Pennsylvania pursuant to the Public Utility Code (the “Code”), 66 Pa.C.S. §§ 101, *et seq.*

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

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

4. Section 3301 of the 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 for violations of the Code or Commission regulations or both. Section 3301 further allows for the imposition of a separate fine for each violation and each day's continuance of such violation(s).

5. Pursuant to the Commission's regulations at 52 Pa. Code § 59.33(b), the Commission's Gas Safety Division has the authority to enforce the federal gas pipeline safety regulations, set forth at 49 U.S.C.A. §§ 60101, *et seq.*, and implemented in 49 C.F.R. Parts 191-193 and 199.

6. I&E is the entity established by the Commission pursuant to the authority granted at 66 Pa.C.S. § 308.2 to perform certain prosecutor functions. See Implementation of Act 129 of 2008; Organization of Bureaus and Offices, Docket No. M-2008-2071852 (Order entered August 11, 2011).

7. UGI is a jurisdictional natural gas distribution company with headquarters at 2525 N. 12<sup>th</sup> Street, Suite 360, P.O. Box 12677, Reading, PA 19612-2677.

8. UGI is a "public utility" as defined by 66 Pa.C.S. § 102(1)(i), that provides natural gas transmission, distribution, and supplier of last resort services to approximately 354,000 customers throughout its certificated service territory subject to the regulatory jurisdiction of the Commission.

9. UGI, in providing natural gas distribution service for compensation, is subject to the power and authority of the Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission orders.

## **II. BACKGROUND**

10. At approximately 11:53 AM on October 31, 2011, Walker Directional Drilling (“Walker”), a subcontractor of Focus Fiber Solution (“FSS”), struck a UGI eight-inch plastic gas main operating at 42 (psig) at the intersection of Manor Avenue and Shertzer Lane in Millersville, Pennsylvania while performing directional drilling for an area fiber optic installation project (the “Millersville Project”).

11. UGI used standard locating techniques to mark its lines, but a signal jump resulted in its marking of two telecommunications conduits twenty-two inches outside of the tolerance zone for its gas line. UGI also checked property records which seemed to confirm the location of its marks because a curb had been relocated.

12. Leaking gas from Walker’s strike migrated through the ground and a storm drain allowing dangerous levels of gas to enter several nearby structures.

13. Walker called 911 to report the strike, and the Blue Rock Fire Department arrived on the scene and commenced the evacuation of approximately 20 buildings around noon.

14. At 12:08 p.m. UGI’s gas control center noticed a drop in gas pressure in Millersville, and at approximately 12:24 UGI’s first employee arrived at the scene.

15. At approximately 1:00 p.m. UGI’s Construction Supervisor and a crew a UGI contractor arrived at the scene.

16. Since gas had already migrated and evacuations were under way, UGI asked the fire chief to contact the local electric distribution company to have the power cut to reduce the

risks of ignition; initially this request was refused, but after several calls power was eventually cut at approximately 1:38 p.m.

17. An explosion at 10 Manor Avenue occurred at approximately 1:30 p.m. damaging a two-story brick house beyond repair and less damage to an adjacent building at 10A Manor Avenue; no injuries or loss of life resulted from this explosion.

18. The damaged eight inch plastic main was part of a multiple feed distribution system.

19. To shut-off the flow of gas from the east UGI dispatched a crew that turned a six inch valve ("Valve #300816") at approximately 1:18 p.m.

20. To shut-off the remaining flow of gas, UGI decided to excavate and squeeze-off the flow of gas through the main; excavation started shortly after UGI's construction supervisor and contractor crew arrived at the scene around 1:00 p.m., the excavation was in progress at the time of the explosion at approximately 1:30 p.m. and the flow of gas was stemmed at approximately 3:08 p.m.

21. As a result of the decision to squeeze-off the main, the location of two valves that could have been turned to isolate the remaining flow of gas was not requested, and shortly after the explosion and the cut in power, cell phone service in the area was lost, preventing the easy communication of these valve locations.

22. Valve #300816 had been properly removed from UGI's five-year inspection cycle (specified under Section 6.2.3 of UGI's Manual of Service Procedures) in 1994 when the distribution system segment it was connected to was no longer serving customers (a so-called "deadhead valve").

23. In 1998, the valve was reconnected to an active distribution system segment, but was not added back in to the list of valves subject to the five-year inspection cycle because of an administrative oversight.

24. In 1998 and 2007, however, UGI did turn and grease the valve when it reconnected the valve and while repairing a gas leak.

### **III. VIOLATIONS**

#### **A. POSITION OF I&E**

25. Had this matter been litigated, I&E would have alleged the following violations:

- A. UGI did not follow its own Gas Operation Manual (GOM) procedures at GOM 60.40.30 "Response to One Call Requests," which states that "Locate requests for excavation activities should be done by either physical marking of facilities within 18 inches, by exposing facilities, or by making direct contact with the excavator to ensure a UGI employee is on site at the time of excavation" in that UGI mismarked the damaged eight inch plastic main by approximately forty (40) inches. This is a violation of 49 CFR §192.605(a) and 52 Pa. Code §59.33.
- B. UGI's procedures are inadequate in that UGI does not have procedures for locating lines when there are no facility maps or records; there is equipment/material failure; facility records/maps are incorrect; there is a loss of signal or inability to locate a facility; and/or there is a conflict between locate signal and mapping records. Nor does UGI's Operator Qualification plan identify these situations as abnormal operating conditions. This is a violation of 49 CFR §192.605 (a) and 52 Pa. Code §59.33.
- C. UGI's current Substructure Damage Plan does not adequately address damage prevention and response to damage in that UGI's Substructure Damage Plan is not prescriptive on the actions to take when, as in this case, a horizontal directional drill that was approximately the same depth as UGI's gas main was being used so that there is a high likelihood of damage occurring from an excavator, as in this case, a horizontal directional drill that was drilling approximately the same depth as UGI's gas main. Horizontal directional drilling is a high threat to gas mains and needs to be treated as such. This is a violation of 49 CFR §192.614 (c)(6)(i) and 52 Pa. Code §59.33.
- D. UGI failed to comply with its own "Manual of Service Procedures" (section 6.2.3), in that the Company failed to inspect Valve 300816 on an

annual basis and had not inspected this valve since May 2, 1994 even though this valve is an emergency valve. Valve 300816, was closed during the emergency and was not inspected since May 2, 1994. According to UGI MSP 6.2.3 (Manual of Service Procedures), it is an emergency valve based on size and pressure. However, it was not on any inspection cycle and should have been inspected at least once each calendar year. Each separate failure to annually inspect, from January 1, 1995 to October 31, 2011, constitutes a separate count and a violation of 49 CFR §192.747(a) and 52 Pa. Code §59.33.

- E. UGI failed to follow their procedures of GOM 60.50.30 section 4.10.6 which states, "The flow of gas to the leak area shall be stopped when necessary. When necessary, appropriate in-line valves shall be identified by using mapping and valve reports and be physically located for prompt shutdown," in that UGI did not complete its shut off of two separate valves for over three hours after it was notified of the leak. The failure to shut off each valve constitutes a separate count in violation of 49 CFR §192.605(a) and 52 Pa. Code §59.33.
- F. UGI violated its procedure GOM 60.40.40 section 5.6, which states, "Additional inspection should be considered for one-way feeds, extraordinary excavation, cast iron exposure, and directional drilling activities. When visiting a job site, ensure that gas facilities are being spotted during directional drilling activities near company facilities," in that UGI failed to adequately inspect the job site, relied on the contractor to follow proper protocols to protect its facilities, and did not ensure the contractor had "spotted" its facility according to UGI procedures. This is a violation of 49 CFR §192.605(a) and 52 Pa. Code §59.33.
- G. UGI did not have emergency valves spaced close enough to reduce the time to facilitate an emergency shutdown in that the valves that were close enough to shut off were not emergency valves and there was not another valve in the immediate area that would isolate the damaged section. This is a violation of 49 CFR §192.181(a) and 52 Pa. Code §59.33.

26. I&E recognizes that these arguments may or may not have been accepted by the Commission if the matter had been fully litigated.

#### **B. POSITION OF UGI GAS**

27. UGI has also extensively investigated this matter. Had this matter been fully litigated, UGI would have submitted evidence to demonstrate that it either did not commit the alleged violations or, in the case of its failure to include Valve #300816 on its list of valves to be



inspected, that the violation was less than that alleged by I&E and had no impact on the Millersville incident. Specifically, as summarized in its answer, UGI believes that it could demonstrate, among other assertions, the following:

- A. UGI would have shown that (i) FFS and Walker failed to follow the complex project one-call procedures that would have provided UGI and other facility owners with advance notice of and a chance to prepare for Walker's directional drilling, (ii) that UGI promptly responded to the individual one-call requests made by FFS using standard locating techniques, (iii) its marks had expired by the time Walker performed its directional drilling, (iv) UGI's one-call markings had no effect on Walker's actions or contributed to the explosion since Walker did not perform required excavations to confirm the location of marked facilities, (v) the Department of Labor and Industry has exclusive jurisdiction over alleged one-call violations, (vi) UGI's actions in attempting to mark its lines did not violate the provisions of the PA ONE CALL ACT or Section 60.40.30 of UGI's GOM, and (vii) UGI did not violate 49 C.F.R. §192.605(a), which only requires in pertinent part that "[e]ach operator ... prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response."
- B. UGI would have shown (i) there is no requirement under 49 CFR §192.605 (a) and 52 Pa. Code §59.33 to have procedures for locating lines when there are no facility maps or records; there is equipment/material failure; facility records/maps are incorrect; there is a loss of signal or inability to locate a facility; and/or there is a conflict between locate signal and mapping records, or to list such events as abnormal operating conditions under its Operator Qualification plan, and (ii) that the absence of such written procedures did not contribute to Walker's strike of UGI's main in Millersville.
- C. UGI would have shown (i) its Substructure Damage Plan did not violate 49 CFR §192.614 (c)(6)(i) or 52 Pa. Code §59.33 because it does not address specific prescriptive actions to be taken in advance of certain hazardous activities, such as directional drilling, and (ii) it would have taken prescriptive actions if it had properly informed of Walker's activities.
- D. UGI would have shown (i) Valve #300816 was a six-inch valve, and not an eight-inch valve, (ii) such valves are to be inspected on a five year cycle, not a one year cycle and (iii) only one five year inspection cycle was missed.
- E. UGI would have shown that the decision to squeezing-off the distribution line to cut off certain paths for the flow of gas to the damaged line was reasonable under the circumstances and entirely consistent with UGI GOM 60.50.30, section 4.10.6 and 49 C.F.R. §192.605(a).

- F. UGI would have shown that it did not violate GOM 60.40.40, section 5.6 or 49 C.F.R. §192.605(a) by not spotting facilities or performing inspections during directional drilling since UGI had no advance notice of and was unaware of Walker's directional drilling activities.
- G. UGI would have shown that it has properly spaced the valves on its system consistent with the requirements of 49 C.F.R. §192.181(a), and is not required to isolate damaged segments of its system only by using valves.
- H. UGI would have shown that its first responder did not act unreasonably in deciding where to park at the site, and did not endanger himself by taking gas measurement readings outside of buildings with dangerous concentrations of gas since those readings were taken by the fire department and relayed to UGI.
- I. UGI would have shown that its continued reliance on cell phones is appropriate since (i) area cellular service providers have back-up power supplies for most cell sites and an active program to provide back-up power to all cell sites in the near future.

28. UGI recognizes that these arguments, and others it would have made, may or may not have been accepted by the Commission if the matter had been fully litigated.

#### **IV. SETTLEMENT**

##### **A. TERMS**

29. The purpose of this Joint Settlement Petition is to terminate the investigation and to resolve this matter without further litigation. While I&E has conducted an extensive investigation, there has been no evidentiary hearing before any tribunal and no sworn testimony taken.

30. UGI has been cooperative and proactive with I&E related to identifying procedures, policies, and training that can be further improved to help UGI enhance the safety and reliability of service and to satisfy the commitments I&E has required in the settlement process.

31. Based on the foregoing, UGI and I&E agree that the following terms and conditions serve to resolve this matter in a fair and equitable manner:

- A. UGI shall pay a civil penalty in the amount of \$200,000 no later than the end of the first full calendar month after the date of a final order approving this Joint Settlement Petition, and shall not to seek to recover this amount through rates regulated by the Commission.
- B. UGI will conduct refresher training of its one call locators within ninety (90) days of a final order approving this Joint Settlement Petition.
- C. Within sixty (60) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its Gas Operations Manual ("GOM") 60.40.40 standard as shown in **Appendix A** to improve its one-call response procedures, and will train its locators in these new standards.
- D. UGI will revise its Damage Prevention Plan, to add language concerning preplanning activities UGI will conduct when it is aware directional drilling will occur, within sixty (60) days of the date of a final order approving this Joint Settlement Petition.
- E. UGI has added programming to its internal One Call Tickets screening system to be able to identify Tickets received where the "Type Construction Box" is designated as Directional Drilling, Drilling, Boring or Trenchless Technology. Within ninety (90) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its screening system to generate an e-mail to a local office who in turn will make a "documented" contact to the entity making the one call request reminding it of its responsibilities under the Pennsylvania Underground Utility Line Protection Law of 2006, 73 P.S. §§176-182.4 ("PA ONE CALL ACT") and inquiring as to its intent to spot the gas facilities prior to crossing them. If a non-satisfactory response is received UGI will take additional action up to and including a field visit to stop the operation.
- F. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will distribute a safety advisory reminding employees to reclassify deadhead valves when formerly disconnected segments of the distribution system are reconnected.
- G. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will perform a system audit to identify deadhead valves and make sure they are properly classified.
- H. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.110, as shown in **Appendix B**, to require its dispatchers to notify engineering personnel in events where the

Manager Area Engineering is required to be contacted due to damage resulting in the escape of natural gas so that the engineering staff can provide field personnel responding to the situation with more timely and readily usable information about the location of valves.

- I. As part of its annual emergency response training, UGI shall incorporate and provide additional training for its first responders about situational awareness when approaching a potential flowing gas site.
- J. UGI shall meet with PPL representatives to establish appropriate communications protocols, and shall communicate quarterly to ensure that emergency contact information is correct.
- K. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.20 as shown in **Appendix C** to reduce risks associated with the location and travel of employees responding to emergencies.

32. In consideration of UGI's payment of the \$200,000 civil penalty and other settlement terms designed to increase safety listed above above, I&E agrees to forbear from further prosecuting any formal complaint relating to UGI's conduct as described in this Joint Settlement Petition or in the above-captioned formal complaint. Nothing contained in this Joint Settlement Petition shall affect the Commission's authority to receive and resolve any formal or informal complaints filed by any affected party with respect to the incident, except that no further civil penalties may be imposed by the Commission for any actions identified herein.

**B. THE PUBLIC INTEREST**

33. I&E and UGI jointly acknowledge that approval of this Joint Settlement Petition is in the public interest and fully consistent with the Commission's Policy Statement for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations, 52 Pa. Code § 69.1201.

34. The settlement terms and conditions will provide substantial public benefits, including modifications to UGI policies and training which should enhance safety and reduce risk.

35. These important public benefits come at a significant cost to UGI, including a substantial civil penalty for which UGI has waived any right to seek future rate recovery.

36. The parties submit that an additional relevant factor -- whether the case was settled or litigated -- is of importance to this Joint Settlement Petition. A settlement avoids the necessity for the prosecuting agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a remedial action. Both parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Reasonable settlement terms can represent economic and programmatic compromise but allow the parties to move forward and to focus on implementing the agreed upon remedial actions.

37. Attached as **Appendices D** through **E** are Statements in Support submitted by I&E and UGI, respectively, setting forth the bases upon which they believe the settlement is in the public interest. For the reason more fully explained therein, the settlement should be approved so that these important public benefits may be realized expeditiously.

#### **V. CONDITIONS OF SETTLEMENT**

38. This document represents the Joint Settlement Petition in its entirety. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Joint Settlement Petition shall be construed and interpreted under Pennsylvania law.

39. The Settlement is conditioned upon the Administrative Law Judge's and, if the

Commission reviews the Initial decision approving this Joint Settlement Petition, the Commission's approval of the terms and conditions contained in this Joint Settlement Petition without modification. If the presiding Administrative Law Judge or the Commission modifies this Joint Settlement Petition, any party may elect to withdraw from this settlement and may proceed with litigation and, in such event, this Joint Settlement Petition shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within five (5) business days after the entry of an Order modifying the Settlement.

40. In the event that the presiding Administrative Law Judge issues an initial decision approving this Joint Settlement Petition without modification, the Joint Petitioners agree to waive the exception period and to not file exceptions to it.

41. The parties agree that the underlying allegations were not the subject of any hearing or formal procedure and that there has been no order, findings of fact or conclusions of law rendered in this matter. It is the intent of the parties that this Joint Settlement Petition not be admitted as evidence in any potential civil proceeding involving this matter. It is further understood that, by entering into this Joint Settlement Petition, UGI has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in all proceedings, including, but not limited to, any civil proceedings that may arise as a result of the circumstances described in this Joint Settlement Petition.

42. The parties acknowledge that this Joint Settlement Petition reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. This Joint Settlement Petition may not be cited as precedent in any future proceeding, except to the extent required for implementation of its provisions.

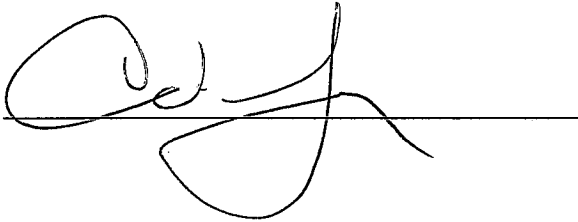
43. This Joint Settlement Petition is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. This Joint Settlement Petition is presented without prejudice to any position that any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Joint Settlement Petition. This Joint Settlement Petition does not preclude the parties from taking other positions in any other proceeding.

44. The parties arrived at the Settlement after conducting engaging in discussions over several months. The terms and conditions of this Joint Settlement Petition constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 69.391, 69.401.

WHEREFORE, the Commission's Bureau of Investigation & Enforcement and UGI Utilities, Inc. – Gas Division respectfully request that the presiding Administrative Law Judge issue an initial decision approving the terms of this Joint Settlement Petition.

Respectfully submitted,

**PENNSYLVANIA PUBLIC UTILITY COMMISSION -  
BUREAU OF INVESTIGATION AND ENFORCEMENT**



Prosecutor  
Title  
2/25/13  
Date

**UGI UTILITIES, INC. – GAS DIVISION**



Chief Regulatory Counsel  
Title  
2-21-13  
Date



**APPENDIX A**

**(Revised Gas Operations Manual 60.40.40)**

Procedure Number: 60.40.40  
Title: Locating and Inspection Activities

### 1.0 Purpose

The purpose of this procedure is to establish the requirements to be followed when locating, marking, and inspecting facilities that are maintained by UGI and may be affected by excavation activities.

### 2.0 Scope

When an excavation is made by an outside contractor near the location of any UGI owned or maintained facilities, UGI will complete certain actions to protect these underground facilities from damage. These actions include locating and marking gas facilities prior to construction, and, when deemed necessary, monitoring the working practices of outside contractors during construction. The duties and responsibilities of UGI are described below.

### 3.0 Safety Considerations for Locating

3.1 Prior to performing a locate, the locator shall become familiar with the site, look for the following indications of potential hazards, and take appropriate safety precautions:

3.1.1 Traffic – If the facility to be located is in an active construction site, within the public right-of-way or area with vehicular traffic, an ANSI Class II, flame resistant vest and hard hat shall be worn, at a minimum. In high traffic situations, or where long lengths of line are being located, the placement of warning signs (“Road Work Ahead” or “Survey Ahead”) utilizing a watchman may be needed. Where practical, use a vehicle as a barrier.

3.1.2 Site conditions – Look for conditions that could affect site safety including, but not limited to, trenches, standing water, ice, steep slopes, poisonous vegetation or dogs. Wear proper PPE and take protective measures for site conditions.

### 4.0 Locator Confidence

4.1 Per UGI Training related to locator confidence, the locator should always be aware of the following potential abnormal operating conditions when performing line locating and marking:

- (1) No facility maps or records
- (2) Equipment/material failure
- (3) Incorrect facility records/maps

- (4) Loss of signal or not being able to locate a facility
- (5) Conflict between locate signal and mapping records.

In these or any situation where a facility can not be located with confidence, the locator shall pursue further action to provide accurate facility location. This may include additional facility records verification, locating equipment verification or calibration, reporting circumstances to supervision, or requesting our facility location be verified by means of a spot hole.

**5.0 Locating and Marking UGI Gas Facilities**

5.1 A locator is responsible for locating and marking gas facilities in as many locations as may be required by the locate tickets.

5.2 Gas facilities shall be located utilizing currently available facility records and using electronic locating instruments, whenever possible. In addition to marking pipelines, cathodic protection and groundbed cables, and test station boxes shall also be located and marked with paint or flags. These cathodic protection facilities and cables shall be marked with yellow paint indicating "ANODE" and/or "WIRES". Contact the Corrosion Control Department for assistance, if needed.

5.3 All markings in paved areas and along curbs should be made, as nearly as possible, directly over the main or service using high visibility yellow paint. Tees and service branches should also be marked.

4.45.4 Paint markings should be made with approximately 1" (minimum) wide yellow stripes approximately 12" to 24" long. (Refer to Figure 60.40.40-1.) The lines should be placed approximately four (4) to 50 feet apart. Consider closer spacing of the markings for known directional drilling projects.

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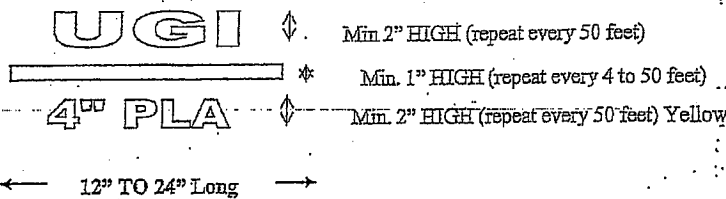


Figure 60.40.40-1: Example marking for 4" plastic pipeline

5.5 The final marks on the end of the locate should show an arrow indicating the continuation of the facility beyond the scope of the excavation.

5.6 When in an area of grass, dirt or snow, where paint is impractical, a stake, locate flag, or other marker will be placed over the main or service.

5.6.1 Stakes should be painted with high visibility yellow paint and imprinted with the word "GAS" and "UGI" to signify which lines have been marked.

5.6.2 Locate flags are to be yellow and indicate the company name UGI.

5.6.3 When marks are not possible or not likely to be preserved, offset marks should be considered.

5.7 Additional stakes, flags or other markers should be used where the length of the line to be marked merits their use, and also to mark the locations and directions of tees, elbows, or any changes of direction in the buried line. If deemed necessary, install permanent line markers in accordance with GOM 70.30.10 Pipeline Marker Installation Requirements.

5.8 At no more than approximately 50 foot intervals, the stripes shall also include the following information with lettering a minimum of 2" in height:

- Company name (UGI)
- Nominal size of the line in inches (for lines greater than 2")
- Pipe material (PLA, STL, or CI)
- Facilities installed in casing should be identified as such. (Example: 6" PLA / 12" STL)

5.9 The entire lid of all curb valve boxes or main valve boxes within the scope of the One Call ticket shall be painted yellow to show the existence of the valve.

5.10 Whenever possible, the locator will notify the contractor that these locations are approximate and that the actual locations must be field verified by prudent techniques within the tolerance zone.

5.11 If mapping errors are discovered during the locating process, the locator shall provide a sketch or map revision or contact supervision to arrange other resources to complete this task. Facility updates are to occur using the appropriate company method (MapFrame, submission to Central Maps and Records, SmallWorld, etc.).

5.12 The following processes will be utilized to complete the order:

5.12.1 All companies -- Take photographic documentation, as needed.

5.12.2 UGI - The locator shall complete the work order in the Computer Aided Dispatch (CAD) system and note in the standard comment screen:

- A. What facilities were marked, including service addresses, as appropriate
- B. Equipment or method used to locate
- C. Type of locate markers
- D. Any unusual situations observed
- E. The name and title of any contractor personnel with whom there was verbal contact.

5.12.3 CPG - Upon completion of the field location, the locator will fill out the section at the bottom of the UGI CPG One Call Locate Request form (Form 60.40.40-1) in ink, and return the form promptly to Maps and Records for filing. Add comments for the following:

- A. Any unusual situations observed
- B. The name and title of any contractor personnel with whom there was verbal contact.

5.12.4 PNG - Complete the locate request using the close ticket function in DigTrack. Add comments for the following:

- A. Any unusual situations observed
- B. The name and title of any contractor personnel with whom there was verbal contact.

5.13 Tables 60.40.40-1 through 60.40.40-5 provide additional information related to markings for underground facilities.

Abbreviation	Material
CI	Cast Iron
CU	Copper
PLA	Plastic (includes all PE and PVC)
STL	Steel (includes bare and coated)

Table 60.40.40-1: Marking - Material Abbreviations for UGI Gas Lines

Abbreviation	Line use
CH	Chemical
E	Electric
FO	Fiber Optic
G	Gas
LPG	Liquefied Petroleum Gas
PP	Petroleum Products
RR	Railroad Signal
S	Sewer
SD	Storm Drain
SS	Storm Sewer
SL	Street Lighting

STM	Steam
SP	Slurry System
TBL	Telephone
TS	Traffic Signal
TV	Television
W	Water
W	Reclaimed Water "Purple"

Table 60.40.40-2: Facility Identifier (Not required when marking UGI lines. List is provided as an aid in understanding marks by other utilities.)

Color	Used to Mark
White	Proposed Excavation
Pink	Temporary Survey Markings
Red	Electric Power Lines, Cables, Conduit and Lighting Cables
Yellow	Gas, Oil, Steam, Petroleum or Gaseous Materials
Orange	Communication, Alarm or Signal Lines, Cables or Conduit
Blue	Potable Water
Purple	Reclaimed Water, Irrigation and Slurry Lines
Green	Sewers and Drain Lines

Table 60.40.40-3: Required Marking -- Color Code Identifiers

Abbreviation	Line use
C	Conduit
CDR	Corridor
D	Distribution Facility
DB	Direct Buried
DE	Dead End
JT	Joint Trench
HP	High Pressure
HH	Hand Hole
MH	Manhole
PB	Pull Box
R	Radius
STR	Structure (vaults, junction boxes, inlets, lift stations)
T	Transmission Facility

Table 60.40.40-4: Underground Construction Description (Optional and not required when marking UGI lines. List is provided as an aid in understanding marks by other utilities)

Abbreviation	Material
ABS	Acrylonitrile - Butadiene - Styrene
ACP	Asbestos Cement Pipe
CI	Cast Iron
CMC	Cement Mortar Coated

CML	Cement Mortar Lined
CPP	Corrugated Plastic Pipe
CMP	Corrugated Metal Pipe
CU	Copper
CWD	Creosote Wood Duct
HDPE	High Density Polyethylene
MTD	Multiple Tile Duct
PLA	Plastic (conduit or pipe)
RCP	Reinforced Concrete Box
RCP	Reinforced Concrete Pipe
RF	Reinforced Fiberglass
SCCP	Steel Cylinder Concrete Pipe
STL	Steel
VCP	Verified Clay Pipe

Table 60.40.40-5: Marking – Material Abbreviations  
(List is provided as an aid in understanding marks by other utilities)

**6.0 Inspection Practices and Visiting Job Sites of Outside Contractors**

- 6.1 Locators and inspectors should refer to Table 60.40.40-6 for visit frequency / duration. Additional inspection should be considered for one-way feeds, extraordinary excavation, and cast iron exposure. Spotting of gas facilities shall be verified for directional drilling activity.
- 6.2 Inspect any previous markings of gas facilities, making sure they are visible, and locate any other facilities that have not been marked.
- 6.3 At the discretion of the locator / inspector, a Contractor Damage Prevention pack can be provided to the excavator.
- 6.4 Observe the general conduct and concern shown by the contractor's personnel working near lines that have been previously marked.
- 6.5 Contractors should be discouraged from using hydraulic hammers near service lines, cast iron or screw coupled mains.
- 6.6 When visiting a jobsite, verify that gas facilities are being spotted during directional drilling activities near company facilities.

Facility Classification	Location	Frequency / Duration
Transmission Line	All	Full time inspection shall be provided when the pipeline is to be exposed or if digging is expected within ten (10) feet of the pipeline. If the pipeline is not expected to be crossed, daily spot checks shall be conducted on any excavation within twenty five (25) feet of UGI's facility.
High pressure distribution lines	At Regulator Stations	Full time inspection shall be provided while excavation is occurring within ten (10) feet of a city gate, take, or regulator station. This includes all station piping up to and including inlet and outlet valves.
High pressure distribution lines	Outside of Take Stations	Full time inspection shall be provided when the pipeline is to be exposed. Daily spot checks shall be conducted on any excavation within ten (10) feet of a UGI facility.
Medium and low pressure mains	All	Periodic spot checks, at the discretion of the locator, should be made of excavation activities in the vicinity of mains. If it is known that cast iron mains are to be undermined, inspection shall be provided to ensure that adequate support is maintained. Contact Engineering if necessary.
Service lines	All	Periodic spot checks, at the discretion of the locator, should be made of excavation activities in the vicinity of service lines. If it is known that the service is to be exposed, inspection should be performed to confirm adequate support is maintained throughout the project. Contact Engineering if necessary.

Table 60.40.40-6: Excavation Inspection Requirements

7.0 Encroachments

7.1 Pipeline rights-of-way must be kept clear of permanent obstructions to allow for access during maintenance and emergency response activities.

7.2 Where it is found that access to the right of way is impeded, the Manager of Engineering or their designee shall research the right of way and, if applicable, write a letter to the property owner requiring removal of the obstruction. A copy of the letter shall be sent to the municipal authority.



7.3 If structures or evidence of excavation activity are observed near mains or transmission lines, an evaluation should be made to determine if the pipeline may have been damaged. Excavation discovered near transmission lines in high consequence areas must be referred to the System Integration and System Operations Department for analysis.

#### 8.0 Safe Practice Violations by Outside Contractors

8.1 If a locator/inspector finds a contractor operating in a manner inconsistent with UGI requirements or in any negligent manner regarding due care of gas facilities, the locator/inspector should immediately take the following action:

8.1.1 Attempt to shut the job down if he believes there is an immediate hazard to life or property.

8.1.2 Notify the contractor's site supervisor, job superintendent or project engineer of the unsafe practice being used.

8.1.3 Make an entry on the work order detailing:

- A. The extent of the unsafe practice.
- B. A brief description of his conversation with the contractor job superintendent or project engineer.
- C. The outcome of the conversation.

8.2 The locator/inspector should then inform a UGI supervisor of the situation as soon as possible and discuss what further action should be taken to ensure correction of the unsafe practice.

8.3 If the violation cannot be resolved by the locator/inspector or his supervisor, the Area Operations Superintendent/Operations Manager (Manager Area Engineering, in his absence) should proceed as follows in coordination with the Damage Prevention Coordinator:

8.3.1 Meet with the project owner, contractor's job superintendent and / or project engineer to communicate the seriousness of the situation and restate the contractor's responsibility to adequately protect UGI facilities.

8.3.2 Follow up the meeting by sending a letter confirming the content and conclusions of the meeting to the project owner, contractor's job superintendent and / or project engineer, with copies to the following:

- A. Operating head of the contracting company.
- B. Contracting company's insurance carrier.
- C. Project owner and municipality permitting the construction.
- D. Corporate attorney, if appropriate.

- E. Pennsylvania (or Maryland) Department of Labor and Industry and PUC, where appropriate
- F. Pennsylvania Utility Contractors Association (PUCA), where appropriate

8.4 If it appears that the situation will not be resolved, the contractor should be advised that legal action will be pursued, and the Damage Prevention Coordinator should notify the Corporate Law Department.

8.5 If, after the preceding steps are taken and our recommendations continue to be ignored, a certified letter shall be written by the UGI corporate attorney, as follows:

8.5.1 The certified letter should state that an emergency exists, that the contractor is endangering the public by his actions, and that unless the situation is corrected immediately, UGI will seek a court order to force immediate suspension of the job and other appropriate relief.

8.5.2 The certified letter should be sent to the following:

- A. The contractor's job superintendent or project manager.
- B. The operating head of the contracting company.
- C. The contracting company's insurance carrier.
- D. The project owner.
- E. The local municipality governing this area.
- F. The local police department.
- G. Pennsylvania (or Maryland) Department of Labor and Industry as required.
- H. Any others involved, including the PUC and PUCA, where appropriate.

8.6 Evidence should be compiled, including photographs, company records, examples of previous violations, or anything that will indicate the severity of situation.

8.7 If the contractor fails to take corrective action, the Law Department will assure that the company follows the most expeditious process to obtain an order suspending the job.

#### 9.0 Operator Qualification

The following Covered Task(s) are required in order to be qualified in locating and inspection activities:

Task #19 - Inspecting the condition of buried piping or pipe coating exposed by excavation

Task #29 - Routine line locating and marking

Task #30 - Inspection of 3<sup>rd</sup> party excavations for damage prevention

Task #55 - Inspect pipe at a maintenance job for damage

UGI CENTRAL PENN GAS  
 ONE CALL LOCATE REQUEST  
 Form 60.40.40-1 (6/2010)



Ticket Serial Number: \_\_\_\_\_ District: \_\_\_\_\_

Work Site: \_\_\_\_\_ Latitude (if available): \_\_\_\_\_  
 Marked in White \_\_\_\_\_ Longitude (if available): \_\_\_\_\_  
 Yes  No

Ticket Response (Codes numbers are for Pennsylvania One Call)	
<input type="checkbox"/> 1. Clear- No Facilities	<input type="checkbox"/> 5. Not Marked Due to No Access
<input type="checkbox"/> 2. Conflict - Lines Nearby - UGI to contact excavator	<input type="checkbox"/> 6. Scheduled Date & Time Lines will be Marked
<input type="checkbox"/> 3. Marked	<input type="checkbox"/> 7. Voice Message
<input type="checkbox"/> 4. Insufficient Information - Do Not Dig	<input type="checkbox"/> 8. Design Conflict

Locator Used: \_\_\_\_\_ Serial Number: \_\_\_\_\_  
 Mode Used:  Active/Conductive  Passive/Inductive  
 Marking Methods:  Flags  Paint  Other

Facilities Involved	Type	Size (in)	Material	Apprx. Length Located (feet)
<input type="checkbox"/>	Service Line			
<input type="checkbox"/>	Distribution Main			
<input type="checkbox"/>	Transmission Line			

Is On Site Inspection of Excavation Required?  No  Yes Date: \_\_\_\_\_  
 Reason: \_\_\_\_\_ Time: \_\_\_\_\_  AM  PM

Excavator/Owner Contacted?  No  Yes Name: \_\_\_\_\_  
 Date: \_\_\_\_\_ Time: \_\_\_\_\_  AM  PM  
 Excavator/Owner Signature: \_\_\_\_\_

Does flagged location match mapped location?  No  Yes  
 If "No", check for interference and other utilities and confirm marked location.  
 If "No", provide sketch and sufficient details to allow maps to be updated.

Comments/ Sketches:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Employee: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_  AM  PM  
 Supervisor's (or designees) \_\_\_\_\_  
 Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX B**

**(Revised Gas Operations Manual 60.50.110)**



Procedure Number: 60.50.110  
Title: Assigned Responsibilities

UGI personnel with emergency responsibilities must have alternate persons designated to perform these duties in their absence. In all emergency situations, the senior employee at the site, based on job classification, will take charge of all operations until the designated or alternate responsible person arrives.

#### 1.0 Central Dispatching Office

1.1 The Central Dispatching Office (also refers to the CPG Customer Contact Center for the purposes of this procedure) is the communications center for all messages. On receiving notification of an emergency situation, the Central Dispatching Office will send an emergency responder or street crew to the site as directed.

1.2 Notification of key operations personnel and Central Gas Control (CGC) is the responsibility of the Central Dispatching Office. The following personnel will be called when any emergency call is validated as an emergency by a first responder:

1.2.1 Duty Supervisor (after hours) or Operations Supervisor

1.2.2 Central Gas Control

1.2.3 Additional individuals will be contacted for specific types of emergencies as noted in Table 60.50.110-1. In events where the Manager Area Engineering is required to be contacted due to damage resulting in the escape of natural gas/leaking gas situations, information regarding the situation should be communicated promptly by the Central Dispatching Office to the Manager Area Engineering or designate so isolation valves can be identified and communicated to the field. The Central Dispatching Office may need to facilitate communication between Engineering and the field. Engineering and field personnel should periodically update the Central Dispatching Office regarding the status of the event.

1.2.4 The Safety & Claims Administrator (or in his absence the Safety and Claims Coordinator) will be contacted at any time when a claim may be anticipated.

1.2.5 Regional Human Resources Superintendent (if needed)

1.2.6 Regional General Services Supervisor (if needed)

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Approved By:	FKJ	to Plan	FKJ	FKJ	FKJ



1.2.7 If primary voice or data communication to or from the field is compromised, the IS Help Desk should be notified of the nature of the problem so they can begin pursuing resolution or the implementation of contingency communication plans.

1.2.87 CGC shall complete the above notifications if Central Dispatching is unable to do so due to a building or communication issue which would make notification difficult or impossible. Central Dispatching also refer to 2.1.6.

Names and telephone numbers for the above can be found in GOM 60.50.130 Emergency Contact Information.

Note: Notification of key Gas Utility Headquarters (GUE) personnel should be made by CGC. (See 2.0 of this section.)



GAS OPERATIONS  
MANUAL

Event	Ops Supl. / Mgr. / Mgr. / Mgr.	Mgr. of Regional Eng. / VP	Mgr of Compliance	VP of Mktg Supply & Const.	Director of Eng. Supply & Const.	VP of Mktg, Supply & Const. / VP Govt. Affairs / Mgr. Regulatory Affairs	VP of Ops	CEO	S11	PUC
1 Inside odor emergency										
2 Outside odor emergency										
3 Explosion where UGI may be involved or fire facilities are at risk.	X	X	X	X	X	X	X	X	X	X
4 Facilities are at risk.	X	X	X	X	X	X	X	X	X	X
5 Resolution in gas lighting causing an explosion and/or the subsequently resulting in damages not exceeding \$50,000.	X	X	X	X	X	X	X	X	X	X
6 SYSTEM overpressure	X	X	X	X	X	X	X	X	X	X
7 Unintentional loss of main system pressure	X	X	X	X	X	X	X	X	X	X
8 Unplanned shutdown of 2,500 or more customers	X	X	X	X	X	X	X	X	X	X
9 Incident as defined by PHMSA	X	X	X	X	X	X	X	X	X	X
10 Public building or apartment complex evacuations as directed by UGI.	X	X	X	X	X	X	X	X	X	X
11 Police and/or fire personnel are present at scene for any public safety related reason, e.g. keep traffic or public away from blowing or burning gas, excluding odor complaints.	X	X	X	X	X	X	X	X	X	X
12 High profile leaks with numerous odor calls.	X	X	X	X	X	X	X	X	X	X
13 Traffic is detoured around the emergency area because of a hazardous condition such as blowing or burning gas.	X	X	X	X	X	X	X	X	X	X
14 Unplanned outage of any hospital, retirement home or school.	X	X	X	X	X	X	X	X	X	X
15 Receiving significant amount of publicity from newspapers, televisions, or radio.	X	X	X	X	X	X	X	X	X	X
16 Gas leak involving any significant (two or more homes) forced evacuation.	X	X	X	X	X	X	X	X	X	X
17 Natural disaster where UGI's facilities may be at risk.	X	X	X	X	X	X	X	X	X	X
18 National emergency & civil disorder	X	X	X	X	X	X	X	X	X	X
19 Carbon monoxide emergency resulting in hospitalization or death & involving a natural gas appliance.	X	X	X	X	X	X	X	X	X	X
20 Unplanned UGI building evacuation	X	X	X	X	X	X	X	X	X	X

Table 60.50.110-1: Additional Individuals to Contact in the Event of an Emergency  
\*If requested by first responder(s).



**GAS OPERATIONS  
MANUAL**

Event	Ops Suppl. / Mgr.	Mgr. of Em.	Regional VP	Media Contact	Mgr of Compliance & Damage Prevention	VP of Mktg	VP of Safety	Director of Eng. & Const.	Sr. VP of Customer & Govt. Affairs / VP of Regulatory Affairs	VP of Ops	CED	911/PUC
1 Inside odor emergency												
2 Outside odor emergency												
3 Facility Hit - Damage and Blowing Gas	X	X			X							
4 Explosion where UGI may be involved or facilities are at risk.	X	X	X	X	X	X	X		X	X	X	X
5 Fire where UGI may be involved or facilities are at risk.	X	X	X	X	X	X	X		X	X	X	X
6 Resulted in gas igniting causing an explosion and/or fire subsequently resulting in damages not exceeding \$50,000	X	X	X	X	X	X	X	X	X	X	X	X
7 System overpressure	X	X	X		X		X	X	X	X		
8 Unintentional loss of main system pressure	X	X	X		X		X	X	X	X		
9 Unplanned shutdown of 2,500 or more customers.	X	X	X	X	X	X	X	X	X	X	X	X
10 Incident as defined by PHMSA	X	X	X	X	X	X	X	X	X	X	X	X
11 Public building or apartment complex evacuations as directed by UGI	X	X	X	X	X	X	X	X	X	X	X	X
12 Police and/or fire personnel are present at scene for any public safety related reason, e.g. keep traffic or public away from blowing or burning gas, excluding odor complaints.	X	X	X	X	X	X						X
13 High profile leaks with numerous odor calls.	X	X	X	X	X	X	X		X	X		X
14 Traffic is detoured around the emergency area because of a hazardous condition such as blowing or burning gas.	X	X	X	X	X	X						X
15 Unplanned outage of any hospital, retirement home or school.	X	X	X	X	X	X	X		X	X		
16 Receiving significant amount of publicity from newspapers, television, or radio.	X	X	X	X	X	X	X	X	X	X	X	X
17 Gas leak involving any significant (two or more homes) forced evacuations.	X	X	X	X	X	X	X		X	X		X
18 Natural disaster where UGI's facilities may be at risk.	X	X	X	X	X	X	X	X	X	X	X	X
19 National emergency & civil disorder	X	X	X	X	X	X	X	X	X	X	X	X
20 Carbon monoxide emergency resulting in hospitalization or death & involving a natural gas appliance.	X	X	X	X	X	X	X		X	X		X
21 Unplanned UGI building evacuation	X	X	X	X	X	X	X		X	X	X	X

Table 60.50.110-1: Additional Individuals to Contact in the Event of an Emergency

\*If requested by first responder(s).  
In the event voice or data communications to and/or from the incident site are not available or are in any way compromised, the UGI Help Desk should be contacted and made aware of the nature of the issue. They will begin working to resolve the problem or implement contingency plans for communication during the emergency.  
HELP DESK- 610-735-5405

1.3 When an emergency arises that causes an unusual number of incoming telephone calls to the Central Dispatching Office and/or Customer Information Center (CIC), the following procedure is used by Dispatch or the CIC in calling for assistance.

1.3.1 Central Dispatching Office notifies the Superintendent of Dispatching Services. The Superintendent of Dispatching Services, upon review of the situation, must decide whether it is necessary to increase staffing in Central Dispatch. If staffing is to be increased, the Superintendent of Dispatching Services also notifies the Call Center Superintendent and/or the Manager- Customer Accounting Services.

1.3.2 The Call Center Superintendent, upon review of the situation, must decide whether

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it is necessary to increase CIC staffing to address the need.

1.3.3 If CIC staffing is to be increased, the Call Center Superintendent notifies the Manager-Customer Accounting Services.

1.3.4 The Call Center Superintendent notifies the CIC Supervisor(s).

1.3.5 The Manager-Customer Accounting Services notifies the Utility Information Service Help Desk.

1.3.6 CIC Supervisor(s) notifies the CIC representatives.

1.3.7 CIC Representatives will be notified in order by the call out procedure. (The number of representatives called will be determined by the nature and extent of the emergency.)

1.4 Central Dispatch will make the initial contact to electric utilities when situations require electric power to be shut down. They will serve as a facilitator of communication and information exchange between the field and the electric utility. Communication protocols that have been established with various electric utilities will be utilized for electric power shut down requests.

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## 2.0 Gas Control

2.1 The personnel at Gas Control are responsible for:

2.1.1 Assisting the Operations/Distribution Superintendent or Operations Manager as necessary.

2.1.2 Reporting any emergencies as defined in this Plan to the Central Dispatching Office.

2.1.3 Maintaining contact with the transmission companies serving UGI.

2.1.4 Notifying various GUH personnel. The personnel to be notified include (notify in this order):

- A. Director - Engineering & Construction
- B. Vice President - Regional Operations
- C. Vice President - Gas Supply
- D. Vice President - Marketing
- E. Senior Vice President - ~~Customer & Government Relations~~ Marketing, Rates & Supply
- F. Vice President - Government Affairs
- G. Manager - Regulatory Affairs
- H. Vice President - Information Services (to be notified if there is an unplanned

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- UGI building evacuation or Emergency Operations Support Center is opened)
- I. Vice President – Operations (or Director – Engineering & Construction Vice President – Planning & Implementation in VP - Operation's absence)
  - J. CEO

2.1.5 Monitoring telemetered system pressures and making those adjustments that can be controlled through the SCADA system based on predefined adjustments provided for in the annual dispatching plan, as well as adjustments requested by the Engineer in response to an emergency situation.

2.1.6 Central Dispatching shall complete the above notifications if CGC is unable to do so due to a building or communication issue which would make notification difficult or impossible. CGC also refer to 1.2.7.

### 3.0 Operations Center Personnel

3.1 Duty Supervisor or Operations Supervisor will be responsible for:

3.1.1 Assisting first responder(s) who are helping to protect life and property and assessing situations as to the need for additional support.

3.1.2 Assisting the Operations/Distribution Superintendent and/or Operations Manager as directed, coordinating activities of utility personnel at the scene and reporting to the Operations/Distribution Superintendent and/or Operations Manager.

3.1.3 Directing the shutdown and turn-on operations according to GOM 60.50.60 Emergency Shutdown, Pressure Reduction, and Loss of System Pressure.

3.1.4 Notifying the Operations Superintendent and/or Operations Manager that all customers have been shut off.

3.1.5 Contacting and communicating with the Operations/Distribution Superintendent and/or Operations Manager when additional action is needed.

3.1.6 Supervising the work assigned to personnel from Mutual Assistance Agreement companies associated with customer shut-offs and turn-ons. (See GOM 60.50.140 Mutual Assistance Information)

3.1.7 Compiling a list of covered employees on site at the time of the incident and their respective roles and responsibilities on site if the emergency causes or is caused by an accident or is a significant event in the judgment of the company.

Communicating this list to Manager Compliance and Damage Prevention to determine whether a covered employee's performance contributed to the accident or cannot be completely discounted as a contributing factor to the accident. See GOM

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60.50.20 Receiving and Classifying Emergencies. Figure 60.50.20-1A & 1B for guidelines.

3.2 Operations Superintendent/Operations Manager or designee will be responsible for:

3.2.1 Directing all field operations.

3.2.2 Coordinating the repair of all gas distribution/transmission facilities required to restore gas service.

3.2.3 Implementing adjustments to the system as prescribed by the Manager Area Engineering and/or Gas Control.

3.2.4 Preparing written reports required by the PHMSA, PUC and PSC according to GOM 100.10.10 Telephonic Report of Incidents to PHMSA, PUC and PSC and according to GOM 100.10.20 Written Reports of Incidents to PHMSA, PUC and PSC.

3.2.5 Maintaining a duty roster showing the name of the supervisor on duty or on call, the time of duty responsibility and the means of contacting the supervisor.

3.2.6 Providing a copy of the duty roster list in paragraph 3.2.5 to Central Dispatching.

3.2.7 Maintaining a list of local qualified contractors in each geographical area who have the necessary equipment and are agreeable to do emergency work for the Company.

3.2.8 Maintaining a list of critical street materials showing minimum inventory needed and making it available to the General Services Supervisor or Manager Area Engineering.

3.2.9 Maintaining a list of gas control/repair equipment available in other operating centers and the personnel to contact for its use.

3.2.11 Supervising the work assignment of personnel from Mutual Assistance Agreement companies associated with repair work. (See GOM 60.50.140 Mutual Assistance Information) Note: The Training Department or designated supervisors will be responsible to qualify other gas utility personnel that are assisting with the emergency response.

3.2.12 Designating and training persons responsible for performing his duties in his absence.

3.2.13 Selecting tentative locations for a Field Command Post (See GOM 60.50.20 Receiving and Classifying Emergencies) and field offices corresponding to designated isolation areas as necessary.



3.2.14 Scheduling the training of personnel in shut-off and turn-on procedures and the operation of the GOM 60.50 Emergency Plan.

3.3 Manager of Area Engineering will be responsible for:

3.3.1 Providing office support for all field operations.

3.3.2 Establishing an office in the Service Building with communication facilities suitable to direct field activities.

3.3.3 Monitoring system pressures and determining what adjustments to the distribution system may be required to maintain system pressure in the emergency. Information may be provided by, and should be sought from other sections, including Construction & Maintenance and Gas Control. Adjustments may include the installation of temporary regulator stations.

3.3.4 Making telephone reports to the OPS and PUC according to GOM 100.10.10 Telephonic Reports of Incidents to OPS, PUC and PSC. (See Appendix)

3.3.5 Assisting the Operations Superintendent or Operations Manager in the preparation of written reports required by the OPS and PUC.

3.3.6 Designating and training persons responsible for performing his duties in his absence.

3.4 Regional Vice President will be responsible for:

3.4.1 Coordinating Emergency Operations.

3.4.2 Communicating with and requesting assistance from the Vice President - Operations (Vice President - Operations will report to the President - UGI).

3.4.3 Maintaining a successor list of all principals and alternates who perform emergency duties in his absence.

3.4.4 Arrange for adequate emergency training to appropriate operations personnel.

3.4.5 Director - Engineering & Construction will carry out the responsibilities of the Vice President of Regional Operations in his absence.

3.5 Regional Marketing Manager will be responsible for:

3.5.1 Assisting the Operations Superintendent or Operations Manager as directed.



- 3.5.2 Releasing news items and public service announcements to the local newspapers, TV and radio stations.
- A. Caller's name, media outlet, deadline, and phone number should be taken.
  - B. Brief factual descriptive statements will be transmitted.
  - C. The statement will include the time and place of the emergency, and number of verified injuries or fatalities. (No names)
  - D. No speculation will be offered as to cause or negligence of any party.
- 3.5.3 Keeping UGI employees informed of the status of each emergency situation.
- 3.5.4 Preparing a list of newspapers, radio stations and TV stations in each operating center available for news release.
- 3.5.5 Maintaining a list of customers whose gas service is essential.
- 3.5.6 Designating and training persons responsible for performing his duties in his absence.
- 3.5.7 Communicating with the Manager Utilities Communications for Media Relations purposes.
- 3.5.8 All customer contacts requesting restriction of interruptible load, or curtailment of firm customer loads will be the responsibility of Marketing. Gas Control may assist in this process as directed.
- A. Maximum effort should be made to maintain service to firm rate load customers. If a situation exists where system integrity is in jeopardy, the Director of Marketing or the Regional Marketing Manager, or designee(s), will notify firm customers of our needs for the duration of the pressure emergency. Gas Control will be notified which customers have reduced their usage voluntarily and when those customers can return to normal usage.
  - B. If a situation develops which requires the shutdown of a group of customers (e.g., an entire industrial park or a small town), GUE should be advised and approval for the shutdown should be received from the appropriate Manager of Engineering.
- 3.6 Operations Support Supervisor (in charge of meter reading) or designate will be responsible for:
- 3.6.1 Assisting the Operations Superintendent or Operations Manager as directed.

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- 3.6.2 Sending one meter reader to the Field Headquarters reporting to the Utility and Measurement Supervisor in charge if requested.
- 3.6.3 Designating and training persons responsible for performing his/her duties in his absence.
- 3.6.4 Maintaining a list showing the person to contact for the following services in each political area.
  - A. Fire companies
  - B. Police departments
  - C. State police
  - D. Hospitals
  - E. Ambulance service
  - F. Other utilities

3.7 General Services Supervisor will be responsible for:

- 3.7.1 Assisting the Operations Superintendent or Operations Manager as directed.
- 3.7.2 Providing for the housing and feeding of employees, police and National Guard, if these groups are kept on Company property or involved in Company emergency operations.
- 3.7.3 Establishing locations in the field where vehicles may be serviced and the necessary maintenance performed.
- 3.7.4 Keeping a list of street material available from other UGI operating centers.
- 3.7.5 Selecting various warehouse locations for receiving and storing storeroom materials.
- 3.7.6 Designating and training persons responsible for performing his duties in his absence.

3.8 Human Resources ~~Regional Manager Superintendent~~ will be responsible for:

- 3.8.1 Assisting the Operations Superintendent or Operations Manager as directed.
- 3.8.2 Issuing identification cards to personnel from outside UGI who are assisting in the emergency operations.
- 3.8.3 Providing for the welfare of personnel from other gas companies who are reporting in response to a Mutual Assistance Agreement request. (See GOM 60.150.140

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Mutual Assistance Information)

3.8.4 Planning for the protection, as required, of UGI property and gas facilities.

3.8.5 Coordinate with Manager Compliance and Damage Prevention on all issues related to employee drug and alcohol testing. Duties include: identifying appropriate testing facility and tests to be administered; arranging transportation of covered employees to the testing facility; compiling and maintaining all required documentation.

3.8.6 Providing information pertinent to post-accident drug and alcohol testing to the individual's immediate supervisor up through the Regional Vice President and Vice President of Operations.

3.8.7 Designating and training persons responsible for performing his duties in his absence.

4.0 Gas Utility Headquarters

4.1 Gas Utility Headquarters will provide any necessary services in cooperation with the operating center effort. Requests for additional support should be made to the Vice President - Operations. The Vice President - Planning and Implementation will provide support in the absence of the Vice President - Operations. Mutual Assistance Agreements will be maintained by Gas Utility Headquarters. (See GOM 60.50.140 Mutual Assistance Program)

4.2 Safety & Claims Administrator will be responsible for:

4.2.1 Assisting with keeping an accurate record of all events pertinent to preparing a detailed written report of each incident.

4.2.2 Providing for the following:

- A. Statements from witnesses
- B. Coordinating with Legal
- C. Photographs
- D. Reports to UGI Insurance Carrier (Director of Corporate Insurance - Valley Forge Office -215-337-1000.)
- E. Various Consultants as required

4.2.3 Assisting the Operations Superintendent or Operations Manager in the preparation of PHMSA and PUC reports.

4.2.4 Designating and training persons responsible for performing his duties in his



absence.

4.3 Safety & Compliance Inspector will be responsible for:

- 4.3.1 Monitoring Safety & Compliance activities related to the incident site.
- 4.3.2 Completing the Incident Checklist and communicating with the Operations Superintendent/Manager on site.
- 4.3.3 Assisting with keeping an accurate record of all events pertinent to preparing a Post Incident Review.

4.4 Manager – ~~Compliance & Damage Prevention~~ Safety & Claims or designee will be responsible for:

- 4.4.1 Determining, in consultation with on site Operations Supervision or Management, which covered employees should be tested for drug and alcohol and communicate those names to the appropriate Human Resources Regional Manager.
- ~~4.4.1 Providing information pertinent to post-accident drug testing to Human Resources, the individual's immediate supervisor up through Vice President of Operations.~~

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4.5 Director - Engineering & Construction will be responsible for:

- 4.5.1 Providing assistance to the Regional Vice President as requested.
- 4.5.2 Performing the duties of the Regional Vice President in his/her absence.
- 4.5.3 Implementing a Training Program to instruct employees on handling emergency situations through the use of an emergency simulation.

4.6 IS Help Desk will be responsible for:

- 4.6.1 Taking steps to resolve all issues related to voice and data communications between the incident site and support areas once brought to their attention.

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4.6 Vice President - Operations will be responsible for:

- 4.6.1 Performing the duties of the Director - Engineering & Construction in his absence.

#### 5.0 Emergency Operations Organizational Structure

5.1 Refer to 60.50.120 Major Incident Management System (MIMS) for managing serious emergencies affecting the Company.





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MANUAL

Section 60.50.110  
Page 13 of 13

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**APPENDIX C**

**(Revised Gas Operations Manual 60.50.20)**



**GAS OPERATIONS  
MANUAL**

Section 60.50.20  
Page 1 of 3

Procedure Number: 60.50.20  
Title: Receiving and Classifying Emergencies

**1.0 Purpose**

The purpose of this procedure is to establish a uniform process for receiving and classifying emergencies.

**2.0 Scope**

When an individual at the Company is notified of an emergency, there are basic steps which should be followed to provide prompt and adequate handling of emergency calls with regard to gas facilities. All Company personnel, when responding to notifications of emergencies which may involve UGI's natural gas facilities, shall follow the methods established in this procedure.

**3.0 Receiving Emergency Calls**

3.1 Call Centers can receive emergency notifications 24 hours per day, 7 days per week.

3.2 The following are directions to employees who receive emergency calls:

3.2.1 Record the following information from the caller and document:

- A. Name, address and telephone number of caller.
- B. Location of the emergency. Request intersecting streets or nearby landmarks.
- C. Nature of the problem. Emergencies, such as odor complaints, fire, explosion or any others as noted in this plan, require an immediate response.
- D. Location of the problem -- indoors versus outdoors.

Date of Issue:	01/178	Revision to Plan	06/15/02	01/09/2005	01/27/00
Approved By:	VDS		JRH	LKS	LKS
Date of Issue:	9/24/2009	Revision to Plan	05/26/2010	01/XX/2012	
Approved By:	FJK		FJK		

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3.2.2 If the caller reports a gas odor within our service territory, take the following steps:

- A. Direct the caller not to operate any electrical switches, appliances or to hang up the phone.
- B. Direct the caller to evacuate other occupants and leave the building if a strong and persistent odor exists.
- C. Inform the caller that a UGI representative is being sent and must have access to the building/surrounding area.

3.2.3 If the caller is outside the company service territory, direct the caller to contact the local 911 emergency personnel for assistance.

3.3 If the employee receiving the call is not a Call Center/Dispatch employee, contact the appropriate Dispatch center after obtaining all information.

3.4 The Dispatch employee, or customer service representative in the instance of 3.2.2, will then complete the following steps:

- 3.4.1 When there is a report of fire, injuries, multiple gas odors, noise of leaking gas, pipeline or gas facility damage, or other leak calls originating from the same area due to an uncontrolled release of gas, call 911 or the appropriate emergency response personnel listed in GOM 60.50.130 Emergency Contact Information.
- 3.4.2 Immediately dispatch a qualified employee to investigate the report.
- 3.4.3 Follow GOM 60.50.110 Assigned Responsibilities as necessary.

4.0 Identifying and Classifying the Emergency

The following are general procedures for employees reporting to the scene of an emergency:

- 4.1 Identify the emergency (escaping gas, fire, or explosion, etc.) and assess the situation.
- 4.2 If there is escaping gas, or escaping gas is suspected, do not bring any ignition sources into the area.
  - 4.2.1 If there is blowing gas, park upwind of suspected gas sources.
  - 4.2.2 Only use cell phones or other electrical devices that are rated for a Class I, Division

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I hazardous location. All electrical devices not rated for a Class I, Division I hazardous location should be removed and left in the vehicle when investigating a leak.

4.3 Act immediately to protect people first and then property using every reasonable, accepted and approved action necessary and the subsequent emergency action procedures as guides. See specific emergency type in the sections that follow.

4.4 If the emergency condition mandates, contact the local Dispatch Center and report the situation to them. The on-site employee can then notify the supervisor or have the Dispatch Center notify the supervisor. If in the assessment of the first responder, shut off of electrical power may be required, this should be communicated to Central Dispatch so they can begin the process of notifying the appropriate electric utility. Central Dispatch will facilitate additional communication with electric utilities and will utilize communication protocols where they have been established with electric utilities.

4.5 In the case of fire, serious injury, large evacuation, effect on public roads or railroads, or other situations where outside help is needed, the Dispatch Center should call 911 or the appropriate emergency response personnel.

4.6 Upon the arrival of emergency response personnel, relay all pertinent information regarding the situation including but not limited to: scope of the event, injuries, property damage, proximity of gas facilities and any known or potential hazards.

4.7 Request additional personnel and equipment as needed through the Dispatch Center. See GOM 60.50.130 Emergency Contact Information for lists of emergency phone numbers.

5.0 General Emergency Procedures

The ranking operations company representative on site will assume responsibility and exercise his/her own best judgment using these standards as a guide:

5.1 Assign the proper Company personnel to the site of an emergency.

5.2 Ensure that Company personnel obtain and deliver the necessary equipment, tools, supplies and materials to the site of an emergency.

5.3 Direct Dispatch to notify 911, and other appropriate public officials as needed. Requests for shut down of electric power at the incident sight should also be communicated to Central Dispatch.

5.4 Coordinate the work of emergency response personnel and cooperate with local officials as much as possible without diverting any resources from protecting life and property.

5.5 Notify the Operations Manager/Operations Superintendent as soon as possible if the

Date of Issue:	24/78	Revision to Plan	<del>4/15/92</del>	<del>1/9/2005</del>	<del>3/27/2006</del>
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emergency involves an explosion, fire, overpressurization, emergency shutdown of multiple customers, pressure reduction, loss of system pressure or natural disaster. Managers / Superintendents should be notified of other emergencies as soon as possible if the situation escalates to involve emergency responders beyond UGI, or if the media arrives on site. The Operations Manager/Operations Superintendent or their designee will determine if a Field Command Post is warranted to effectively manage the incident and will act as Field Incident Commander for the event. The location of the Field Incident Command Post will be selected based on the locations ability to allow safe and effective management of the incident. The safest approach route to the Field Command post should be communicated to Central Dispatch and, as best possible, to all who are called to report to the incident site.

5.6 Stay at the site until it has been made safe and the hazard has been eliminated or is otherwise under control. If it is determined that natural gas is not involved, verify with emergency personnel that UGI assistance is no longer needed, and exit the site.

5.7 If the emergency causes or is caused by an accident or is a significant event in the judgment of the company, the supervisor shall promptly compile a list of covered employees on site at the time of the incident and their respective roles and responsibilities on site and communicate this list to Manager Compliance and Damage Prevention to determine if a covered employee's performance contributed to the accident or cannot be completely discounted as a contributing factor to the accident. Procedures for post-accident drug and alcohol testing shall be followed according to the UGI Substance Abuse Policy and GOM 60.50.110 Assigned Responsibilities. Use Figure 60.50.20-1A and Figure 60.50.20-1B Post Accident/Incident Testing Matrix as a guide.

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5.8 Figure 60.50.20-2 Field Checklist Identifying & Classifying Emergencies and General Emergency Procedures may be used as a guide in following the requirements of this standard.

#### 6.0 Operator Qualification

Employees responding to an emergency must be qualified as deemed necessary for the particular emergency taking place. Refer to other sections of GOM 60.50 for specific required qualifications

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Post Accident/Incident Testing Matrix:

Incident/Accident Type	Drug Test	Form	Alcohol	Rapid Test	Suspend Employee Pending Results of 5 Panel Test
FHSA Accident (DOT / FHSA definitions)	Yes	DOT	Yes	No	Yes
CDL Vehicle Accident involving death or moving violation (DOT / FMCSA definitions)	Yes	DOT	Yes	No	Yes
At Fault & responsible Non-CDL Vehicle accident or at fault & responsible CDL vehicle accident not involving death or moving violation	Yes	NON-DOT	Yes	Yes	May return to work provided Rapid Test result Negative
Reasonable Cause DOT employee	Yes	DOT	Yes	No	Yes
Reasonable Cause Non-DOT employee	Yes	NON-DOT	Yes	Yes	May return to work provided Rapid Test result Negative

After Hours Testing:  
If the regular collection facility is not available for after hours testing, please contact:  
Mid-State Occupational Health Services, Inc.  
(570) 327-8790  
Mid-State will send a collector out to your site.

Figure 60.50.20-1A Post Accident/Incident Testing Matrix

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DOT Post-Accident Testing

Both PHMSA and FMCSA reportable accidents as defined below, require drug and alcohol testing of each employee whose performance either contributed to the accident or cannot be completely discounted as a contributing factor to the accident.

**PHMSA**

PHMSA defines an accident as an incident reportable under Part 191 involving gas pipeline facilities or LNG facilities or an accident reportable under Part 195 involving hazardous liquid pipeline facilities.

§191.3 - An accident on a gas pipeline or LNG facility is defined as an "incident," as follows:

- (1) An event that involves a release of gas from a pipeline or of liquefied natural gas or gas from an LNG facility and:
  - (a) A death, or personal injury necessitating inpatient hospitalization; or
  - (b) Estimated property damage, including cost of gas lost, to the operator or others, or both, of \$50,000 or more (\$25,000 or more for intrastate operators/contractors in Oklahoma and New Mexico).
- (2) An event that results in an emergency shutdown of an LNG facility.
- (3) An event that is significant, in the judgment of the operator, even though it did not meet the criteria of paragraphs (1) or (2).

**FMCSA**

(THIS SECTION APPLIES ONLY TO CDL HOLDERS WHERE THE CDL IS REQUIRED FOR WORK PURPOSES)  
Testing must be conducted when an accident is reportable under the FMCSA regulations.

An occurrence involving a commercial motor vehicle operating on a public road in commerce

Type of accident involved	Citation issued to the CMV driver	Test must be performed by company
Human fatality	YES NO	YES YES
Body injury with immediate medical treatment away from the scene.	YES NO	YES NO
Disabling damage to any motor vehicle requiring tow away.	YES NO	YES NO

NON-DOT Post Accident Testing

Testing will also be conducted as soon as practical when an employee operating a Company vehicle or operating a vehicle on Company business is involved in an "at fault" and "reportable motor vehicle accident." "At fault" means that the employee performance (actions) contributed to the accident or cannot be completely discounted as a contributory factor to the accident. An AGA "reportable motor vehicle accident" is any occurrence involving a motor vehicle which results in death, injury, or property damage, unless such vehicle is property (legally) parked.

Reasonable Cause Testing

If the incident does not meet both of these criteria, but there is a suspicion of drug/alcohol abuse, the employee may be tested according to the Reasonable Cause testing guidelines of the company's Anti-Drug and/or Alcohol Misuse Prevention Plans.

Figure 60.50.20-1B Post Accident/Incident Testing Matrix

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The following checklist may be used as a guide in an Emergency Response Scenario to ensure Gas Operations Manual 60.50.20 requirements are followed.

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**First Responder or Most Senior Qualified on Site**

Section	Requirement	Performed (Y/N)	Comments
4.1	Identify Emergency (Escaping Gas, Fire, Explosion, Etc.)		
4.2	If escaping gas or escaping gas suspected, do not bring ignition sources into area.		
4.2.1	If blowing gas park upwind		
4.2.2	Use Class 1 Div 1 devices only		
4.3	Act immediately to protect people first then property		
4.4	Dispatch Contacted		
4.4	Dispatch notified that power shut down may be needed		
4.5	Situation requires Dispatch to contact 911 & this is completed		
4.6	Pertinent information relayed to arriving emergency personnel.		
4.7	Request of additional personnel and equipment made to Dispatch		

The ranking operations company representative on site will assume responsibility and exercise his/her own best judgment using these standards as a guide.

Section	Requirement	Performed (Y/N)	Comments
5.1	Assign proper Company personnel to the site supplies and materials to the site of an emergency.		
5.2	emergency.		
5.3	Direct Dispatch to notify 911, other public officials, electric utilities as needed		
5.4	Coordinate UGI emergency response personnel & cooperate with local officials without diverting resources from protecting life and property.		
5.5	Notify the Operations Manager/Operations Superintendent if necessary		
5.5	The Operations Manager/Operations Superintendent or their designee will determine if Field Command Post is needed		
5.6	Stay at the site until it has been made safe and the hazard has been eliminated		
5.7	Post-accident drug and alcohol testing shall be followed/coordinated with Manager Compliance/Damage Prevention		

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Figure 60.50.20-2 - Field Checklist Identifying & Classifying Emergencies and General Emergency Procedures

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**APPENDIX D**

**(I&E Statement in Support)**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement,	:	
	:	
Complainant,	:	
	:	
v.	:	Docket No. C-2012-2295974
	:	
UGI Utilities, Inc.,	:	
	:	
Respondent	:	

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**BUREAU OF INVESTIGATION AND ENFORCEMENT  
STATEMENT IN SUPPORT OF  
JOINT SETTLEMENT PETITION**

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PRESIDING ADMINISTRATIVE LAW JUDGE  
KANDACE F. MELILLO:

**INTRODUCTION:**

The Bureau of Investigation and Enforcement of the Pennsylvania Public Utility Commission (“Commission”) (“I&E”) hereby files this Joint Statement in Support of the Joint Settlement Petition Resolving All Issues (“Settlement” or “Joint Settlement Petition”) entered into by UGI Utilities, Inc. – Gas Division (“UGI”) and I&E (hereinafter, collectively “Joint Petitioners”) in the above-captioned proceeding. The Settlement, if approved, fully resolves all issues related to the I&E complaint involving an explosion on October 31, 2011, in Millersville, Pennsylvania that damaged beyond repair one residence and damaged an adjacent property. I&E respectfully request that

Administrative Law Judge Kandace F. Melillo recommend approval of, and the Commission approve, the Settlement, including the terms and conditions thereof, without modification.

**THE PUBLIC INTEREST:**

The Settlement, once approved, will resolve all issues related to the I&E complaint involving an explosion on October 31, 2011, in Millersville, Pennsylvania. UGI has been cooperative and proactive with I&E related to identifying facilities, practices and procedures, policies, and training that can be further improved to help UGI enhance the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process.

The Settlement, if approved, is in the public interest, in particular, the interest of the UGI Companies' customers and communities they serve. For these reasons and the reasons set forth below, the Settlement is fair, just and reasonable and, therefore, the Settlement should be approved so that these important public benefits may be realized expeditiously.

**TERMS OF SETTLEMENT:**

The Complaint alleges that, in connection with the incident, UGI Gas committed several violations of the Public Utility Code, the Federal Pipeline Safety Standards, Commission Regulations, and UGI's Gas Operations Manual ("GOM"). Based on these allegations, the Complaint requests that the Commission, among other things, order UGI

Gas to pay civil penalties, modify its Damage Prevention Plan, modify its PA One Call procedures, and implement additional training.

Under the terms of the Settlement, the UGI Companies collectively have agreed as follows:

- A. UGI shall pay a civil penalty in the amount of \$200,000 no later than the end of the first full calendar month after the date of a final order approving this Joint Settlement Petition, and shall not to seek to recover this amount through rates regulated by the Commission.
- B. UGI will conduct refresher training of its one call locators within ninety (90) days of a final order approving this Joint Settlement Petition.
- C. Within sixty (60) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its Gas Operations Manual ("GOM") 60.40.40 standard as shown in **Appendix A** to the Settlement to improve its one-call response procedures, and will train its locators in these new standards.
- D. UGI will revise its Damage Prevention Plan, to add language concerning preplanning activities UGI will conduct when it is aware directional drilling will occur, within sixty (60) days of the date of a final order approving this Joint Settlement Petition.
- E. UGI has added programming to its internal One Call Tickets screening system to be able to identify Tickets received where the "Type Construction Box" is designated as Directional Drilling, Drilling, Boring or Trenchless Technology. Within ninety (90) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its screening system to generate an e-mail to a local office who in turn will make a "documented" contact to the entity making the one call request reminding it of its responsibilities under the Pennsylvania Underground Utility Line Protection Law of 2006, 73 P.S. §§176-182.4 ("PA ONE CALL ACT") and inquiring as to its intent to spot the gas facilities prior to crossing them. If a non-satisfactory response is received UGI will take additional action up to and including a field visit to stop the operation.
- F. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will distribute a safety advisory reminding employees to

reclassify deadhead valves when formerly disconnected segments of the distribution system are reconnected.

- G. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will perform a system audit to identify deadhead valves and make sure they are properly classified.
- H. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.110, as shown in **Appendix B** to the Settlement, to require its dispatchers to notify engineering personnel in events where the Manager Area Engineering is required to be contacted due to damage resulting in the escape of natural gas so that the engineering staff can provide field personnel responding to the situation with more timely and readily usable information about the location of valves.
- I. As part of its annual emergency response training, UGI shall incorporate and provide additional training for its first responders about situational awareness when approaching a potential flowing gas site.
- J. UGI shall meet with PPL representatives to establish appropriate communications protocols, and shall communicate quarterly to ensure that emergency contact information is correct.
- K. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.20 as shown in **Appendix C** to the Settlement to reduce risks associated with the location and travel of employees responding to emergencies.

The terms of this settlement come at a cost to UGI, beyond the civil penalty imposed, and the civil penalty is not recoverable through rates.

**ROSI STANDARDS:**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable

to those achieved at the conclusion of a fully litigated proceeding. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pennsylvania Public Utility Commission v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

I&E submits that approval of the Joint Settlement Petition in the above-captioned matter is consistent with the Commission's Policy Statement for Litigated and Settled Proceedings Involving Violations of the Code and Commission Regulations ("Policy Statement"), 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission's Policy Statement sets forth ten factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

These factors are: (i) Whether the conduct at issue was of a serious nature; (ii) Whether the resulting consequences of the conduct at issue were of a serious nature; (iii) Whether the conduct at issue was deemed intentional or negligent; (iv) Whether the regulated entity made efforts to modify internal policies and procedures to address the conduct at issue and prevent similar conduct in the future; (v) The number of customers affected and the duration of the violation; (vi) The compliance history of the regulated entity that committed the violation; (vii) Whether the regulated entity cooperated with the Commission's investigation; (viii) The amount of the civil penalty or fine necessary to deter future violations; (ix) Past Commission decisions in similar situations; and (x) other



relevant factors. 52 Pa. Code § 69.1201(c). The Commission will not apply the standards as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b).

While many of the same factors may still be considered, in settled cases the parties “will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest.” 52 Pa. Code § 69.1201(b).

The substantial public benefits of the Settlement, as well as the ten factors that the Commission considers in reviewing a settlement of an alleged violation, is addressed in the section that follows. For the reasons explained below, the Settlement is in the public interest and should be approved.

---

1. The first factor considers whether the conduct at issue was of a serious nature and, if so, whether the conduct may warrant a higher penalty. I&E alleges that the conduct in this case involves the following: (1) UGI mismarked the damaged eight inch plastic main by approximately forty (40) inches; (2) UGI's procedures are inadequate in that UGI does not have procedures for locating lines when there are no facility maps or records; there is equipment/material failure; facility records/maps are incorrect; there is a loss of signal or inability to locate a facility; and/or there is a conflict between locate signal and mapping records; (3) UGI's current Substructure Damage Plan does not adequately address damage prevention and response to damage in that UGI's Substructure Damage Plan is not prescriptive on the actions to take when, as in this case, a horizontal directional drill that was approximately the same depth as UGI's gas main was being used so that there is a high likelihood of damage occurring from an excavator,

as in this case, a horizontal directional drill that was drilling approximately the same depth as UGI's gas main; (4) UGI failed to comply with its own "Manual of Service Procedures" (section 6.2.3), in that the Company failed to inspect Valve 300816 on an annual basis and had not inspected this valve since May 2, 1994 even though this valve is an emergency valve. (this valve was later determined to be on a 5-year inspection cycle, and one inspection was missed); (5) UGI did not complete its shut off of two separate valves for over three hours after it was notified of the leak; (6) UGI failed to adequately inspect the job site, relied on the contractor to follow proper protocols to protect its facilities, and did not ensure the contractor had "spotted" its facility according to UGI procedures; and ~~(7) UGI did not have emergency valves spaced close enough to reduce~~ the time to facilitate an emergency shutdown in that the valves that were close enough to shut off were not emergency valves and there was not another valve in the immediate area that would isolate the damaged section. I&E submits that UGI's alleged conduct is of a serious nature and the gravity of the incident was considered in arriving at the penalty in the Joint Settlement Petition.

2. The second factor considered is whether the resulting consequences of UGI's alleged conduct were of a serious nature. In this case, the explosion damaged one residence beyond repair, and caused additional damage to an adjacent property. The terms and conditions of this Joint Settlement Petition acknowledge the seriousness of the incident and are designed to help UGI enhance the safety and reliability of service throughout its gas service territory.

3. The third factor to be considered in this case, namely, whether UGI's alleged conduct was intentional or negligent, does not apply to the present case because this proceeding is a settled matter. To the extent this factor is to be considered, there has been no finding that UGI's conduct was either intentional or negligent in nature.

4. The fourth factor to be considered is whether UGI made efforts to modify internal policies and procedures to address the alleged conduct at issue and to prevent similar conduct in the future. In response to the October 31, 2011 incident, UGI moved forward to adopt several changes to its policies and practices that should further enhance the safety and reliability of its service. Additionally, in response to the incident, UGI performed the following: (1) UGI has added programming to its internal One Call Tickets screening system to be able to identify Tickets received where the "Type Construction Box" is designated as Directional Drilling, Drilling, Boring or Trenchless Technology. Within ninety (90) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its screening system to generate an e-mail to a local office who in turn will make a "documented" contact to the entity making the one call request reminding it of its responsibilities under the Pennsylvania Underground Utility Line Protection Law of 2006, 73 P.S. §§176-182.4 ("PA ONE CALL ACT") and inquiring as to its intent to spot the gas facilities prior to crossing them. If a non-satisfactory response is received UGI will take additional action up to and including a field visit to stop the operation.

5. The fifth factor to be considered deals with the number of customers affected and the duration of the violation. In this case, at approximately 1:30 p.m. on

October 31, 2011, a natural gas explosion occurred. The explosion damaged beyond repair one house, and damages an adjacent residence.

6. The sixth factor considered is the compliance history of UGI. Since 2001, UGI has experienced a total of twelve (12) reportable incidents. UGI has recently entered into settlements with the Commission's I&E, or prosecutory staff, regarding gas safety violations in which they agreed to pay civil penalties. In *Pa. PUC v. UGI Utilities, Inc.*, Docket No. M-2009-2031571 (Order entered January 14, 2010), the settlement arose from a natural gas explosion in Allentown that occurred on December 9, 2006, and resulted in a minor injury and destroyed one residence and three adjacent row homes. The explosion occurred when a contractor attempted to remove a gas meter. The allegations of gas safety violations involved inadequate training and improper documentation of procedures regarding removal of inactive gas meters. The Commission approved the settlement's \$80,000 civil penalty and modified the settlement to add an \$80,000 payment to the Low-Income Usage Reduction Program. The settlement also called for remedial measures such as changes to the company's procedures, training, and operator qualifications regarding meter replacement.

In *Pa. PUC v. UGI Utilities, Inc.*, Docket No. M-2008-2036549 (Order entered November 6, 2008), the Commission directed that a \$40,000 settlement amount be applied to the Company's Operation Share Hardship Fund. In that case, a natural gas explosion, resulting from a leak in the gas line, destroyed a residence. The allegations included the following gas safety violations: that UGI's emergency response procedures did not include steps for bar holing to check the ground for gas; that UGI took more than

five hours to perform bar holing after the incident; and that UGI failed to determine where the pipe failure occurred and turn off the gas supply before allowing utility workers, emergency responders, inspectors, and residents to access the incident site.

Other recent cases involving UGI include: *Pa. PUC v. UGI Utilities, Inc.*, Docket No. M-2012-2141712 (Order entered June 13, 2012) (rejected settlement due to serious nature of the incident and endangerment of lives of the company's crew and the public); *Pa PUC v. UGI Utilities, Inc.*, Docket No. M-2010-2037411 (Order entered May 10, 2010) (approving a settlement to resolve allegations concerning UGI's failure to properly mark its pipelines); *Pa. PUC v. UGI Utilities Inc.*, Docket No. C-2009-2120601 (Order entered November 19, 2010) (approving a settlement to resolve various federal and state gas safety violations); and *Pa. PUC v. UGI Utilities, Inc.*, Docket No. C-20066664 (February 6, 2009) (approving a settlement to resolve gas safety allegations, including a failure to classify a leak as an emergency and a failure to properly respond to an explosion once notified by 911).

7. The seventh factor considered is whether the regulated entity cooperated with the Commission's investigation. UGI cooperated with the Commission staff throughout its investigation, as well as the complaint and settlement process. I&E submits that such cooperation demonstrates a commitment consistent with the Commission's public safety goals and objectives.

8. The eighth factor is whether the amount of the civil penalty or fine will deter future violations. I&E submits that a civil penalty in the amount of \$200,000, and which may not be recovered through rates regulated by the Commission, together with

the modifications to its internal policies with additional training of personnel, represents a pecuniary concession that will deter similar violations in the future.

9. The ninth factor examines past Commission decisions in similar situations. Looking at the relevant factors that are comparable to other incidents, such as incident response, post-incident actions, cooperation with the Commission, the alleged regulatory violations, and remedial actions taken, this Settlement is consistent with past Commission actions, and presents a fair and reasonable outcome.

10. The parties submit that an additional relevant factor – whether the case was settled or litigated – is of pivotal importance to this Joint Settlement Petition. A settlement avoids the necessity for the prosecuting agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a lesser fine or penalty, or other remedial action. Both parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Reasonable settlement terms can represent economic and programmatic compromise but allow the parties to move forward and to focus on implementing the agreed upon remedial actions. I&E and UGI fully support the terms and conditions of this Joint Settlement Petition. The foregoing terms of this Joint Settlement Petition reflect a carefully balanced compromise of the interests of the parties in this proceeding. The parties believe that approval of this Joint Settlement Petition is in the public interest. Acceptance of this Joint Settlement Petition avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the parties.

VERIFICATION

I, Paul J. Metro, Manager of Gas Safety for the Bureau of Investigation and Enforcement, hereby state that the facts above set forth in the foregoing Statement in Support 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.

25 FEB 13  
Date

Paul J. Metro  
Signature

**APPENDIX E**

**(UGI Statement in Support)**



BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility	:	
Commission, Bureau of Investigation	:	
and Enforcement	:	
	:	
v.	:	
	:	
UGI Utilities, Inc.	:	Docket No. C-2012-2295974

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**STATEMENT IN SUPPORT OF  
UGI UTILITIES, INC. – GAS DIVISION,**

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ADMINISTRATIVE LAW JUDGE KANDACE F. MELILLO:

UGI Utilities, Inc. – Gas Division (“UGI”), hereby files this Statement in Support of the Joint Settlement Petition Resolving All Issues (“Settlement” or “Joint Settlement Petition”) entered into by UGI and the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) (hereinafter, collectively “Joint Petitioners”) in the above-captioned proceeding. The Settlement fully resolves all issues related to the above-captioned I&E complaint involving an explosion and fire which occurred on October 31, 2011, in Millersville, Pennsylvania. The UGI Companies respectfully request that Administrative Law Judge Kandace F. Melillo approve the Settlement, including the terms and conditions thereof, without modification.

**I. INTRODUCTION**

The factual background of this matter is set forth in Paragraphs 10-24 of the Joint Settlement Petition, which are incorporated herein by reference.

In the sections which follow, UGI will explain why it believes the settlement terms it has agreed to will provide a public benefit, are reasonable and indicative of a pro-active approach to lessons learned from the event and why the civil penalty it has agreed to pay is consistent with the factors the Commission has indicated it will consider in its policy statement addressing factors and standards for evaluating litigated and settled proceedings at 52 Pa. Code §69.1201, and actually in excess of the civil penalty I&E sought in its complaint when an adjustment is made to account for a mistaken factual assumption.<sup>1</sup>

Of primary importance, however, is that there is no dispute that the direct cause of the Millersville explosion was the striking of an eight-inch UGI gas main by an unrelated third party, Walker Directional Drilling (“Walker”), a subcontractor to Focus Fiber Solutions (“FFS”), who was performing directional drilling as part of an area-wide telecommunications project.

Under the carefully considered balancing of facility owner and excavator responsibilities under the Pennsylvania Underground Utility Line Protection Law of 2006, 73 P.S. §§176 – 182.4 (“PA ONE CALL ACT”), FSS and Walker had the responsibility for consulting and meeting with facilities owners, such as UGI, beginning at the design phase of the project, responsibilities which they completely ignored.

Walker, as a directional driller, also had explicit obligations under the PA ONE CALL ACT to coordinate closely with UGI, and was obligated to perform:

*[v]isual confirmation of the one-call locates ... for all crossing utilities and all parallel utilities within 0.6 to 1.0m (2 to 3 ft.) of the intended bore path or within the right-of-way. The visual confirmations may be accomplished using vacuum excavation or potholing and manual excavation. ...*

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<sup>1</sup> The I&E’s complaint sought \$160,000 in civil penalties for failure to conduct sixteen annual inspections on an eight-inch valve, when in fact it was subsequently confirmed and is undisputed that the valve in question was a six-

73 P.S. §180(11.2). Walker, however, did not perform this important responsibility or any of its other responsibilities under the PA ONE CALL ACT.

The complete disregard by FSS and Walker of their One Call responsibilities was particularly egregious in that UGI had called FSS's failure to follow One-Call rules on another telecommunications project to the attention of authorities in 2011, and attended a June 9, 2011, meeting with Pennsylvania One Call, Pennsylvania Department of Labor and Industry, Commission Gas Safety, UGI and PPL Electric Utilities Corporation representatives where One Call responsibilities were reviewed with FSS. UGI stands ready to cooperate with authorities in seeking appropriate sanctions against FSS and Walker for their reckless actions.

The safety of public is of paramount importance, and the Commission, in fulfilling its gas safety responsibilities, should expect natural gas distribution companies to operate safely and to take responsibility for their actions. UGI believes the terms of the Settlement reflect its assumption of responsibility for actions which were under its control, and reflect lessons learned from the event.

In evaluating the terms of the Settlement, UGI requests the Presiding Administrative Law Judge and Commission consider that the important goal of gas safety will not be advanced by punishing NGDCs for the actions of excavators not reasonably under their control. Moreover, to the extent NGDCs are viewed as being held responsible for the actions of excavators, it could send the unintended message that excavators will not be held responsible for their violations of gas safety responsibilities which the General Assembly has assigned to them under the PA ONA CALL ACT.

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inch valve on a five-year inspection cycle, and had been served two times in this sixteen year period.

## II. COMMISSION POLICY FAVORS SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.*, Docket No. C-2010-2071433, 2012 Pa. PUC LEXIS 1377 at \*6 (August 31, 2012).

The Commission has promulgated a Policy Statement that sets forth ten factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201. These factors are: (i) Whether the conduct at issue was of a serious nature; (ii) Whether the resulting consequences of the conduct at issue were of a serious nature; (iii) Whether the conduct at issue was deemed intentional or negligent; (iv) Whether the regulated entity made efforts to modify internal policies and procedures to address the conduct at issue and prevent similar conduct in the future; (v) The number of customers affected and the duration of the violation; (vi) The compliance history of the regulated entity that committed the violation; (vii) Whether the regulated entity cooperated with the Commission's investigation; (viii) The amount of the civil penalty or fine necessary to deter future violations; (ix) Past Commission decisions in similar situations; and (x) Other relevant factors. 52 Pa. Code § 69.1201(c). The Commission will not apply the standards as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b). While many of the same factors may still be considered, in settled cases the parties "will be afforded flexibility in

reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest.” 52 Pa. Code § 69.1201(b).

For the reasons explained below, the Settlement is in the public interest and should be approved.

### **III. THE SETTLEMENT**

UGI has been cooperative and proactive with I&E and Commission gas safety personnel in identifying practices and procedures, policies, and training that can be further improve gas safety. Under the terms of the Settlement, UGI and I&E have agreed to the following terms:

- A. UGI shall pay a civil penalty in the amount of \$200,000 no later than the end of the first full calendar month after the date of a final order approving this Joint Settlement Petition, and shall not to seek to recover this amount through rates regulated by the Commission.
- B. UGI will conduct refresher training of its one call locators within ninety (90) days of a final order approving this Joint Settlement Petition.
- C. Within sixty (60) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its Gas Operations Manual (“GOM”) 60.40.40 standard as shown in **Appendix A** to improve its one-call response procedures, and will train its locators in these new standards.
- D. UGI will revise its Damage Prevention Plan, to add language concerning preplanning activities UGI will conduct when it is aware directional drilling will occur, within sixty (60) days of the date of a final order approving this Joint Settlement Petition.
- E. UGI has added programming to its internal One Call Tickets screening system to be able to identify Tickets received where the “Type Construction Box” is designated as Directional Drilling, Drilling, Boring or Trenchless Technology. Within ninety (90) days of the date of a final order approving this Joint Settlement Petition, UGI will modify its screening system to generate an e-mail to a local office who in turn will make a “documented” contact to the entity making the one call request reminding it of its responsibilities under the Pennsylvania Underground Utility Line Protection Law of 2006, 73 P.S. §§176-182.4 (“PA ONE CALL ACT”) and inquiring as to its intent to spot the gas facilities prior to crossing them. If a non-satisfactory response is received UGI will take additional action up to and including a field visit to stop the operation.

- F. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will distribute a safety advisory reminding employees to reclassify deadhead valves when formerly disconnected segments of the distribution system are reconnected.
- G. Within ninety (90) days of a final order approving this Joint Settlement Petition, UGI will perform a system audit to identify deadhead valves and make sure they are properly classified.
- H. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.110, as shown in **Appendix B**, to require its dispatchers to notify engineering personnel in events where the Manager Area Engineering is required to be contacted due to damage resulting in the escape of natural gas so that the engineering staff can provide field personnel responding to the situation with more timely and readily usable information about the location of valves.
- I. As part of its annual emergency response training, UGI shall incorporate and provide additional training for its first responders about situational awareness when approaching a potential flowing gas site.
- J. UGI shall meet with PPL representatives to establish appropriate communications protocols, and shall communicate quarterly to ensure that emergency contact information is correct.
- K. Within sixty (60) days of a final order approving this Joint Settlement Petition, UGI will modify its GOM 60.50.20 as shown in **Appendix C** to reduce risks associated with the location and travel of employees responding to emergencies.

**A. PUBLIC BENEFITS**

If approved, the Settlement will provide substantial and important public benefits by requiring, in addition to the payment of a \$200,000 civil penalty, (a) UGI systems modifications to help it proactively identify instances where excavators may not be following PA ONE CALL ACT requirements and changes in procedure so the UGI will actively reach out to excavators to remind them of their responsibilities, (b) an audit of UGI valves to identify potential “deadhead” valves that might have been returned to service without being added to inspection lists, and the issuance of an advisory to employees to remind them of this responsibility, (c) changes in one-

call rules and refresher training for one call locators, (d) revisions to UGI's Damage Prevention Plan to address pro-active measures UGI will take to minimize the potential for damage when it is aware of directional drilling activities, (e) changes to UGI Gas Operations Manual ("GOM") to involve engineering personnel early in an a response to an emergency so that they can relay valve location information to responders giving the responders more options in the event communications are subsequently interrupted, (f) changes to GOM rules and additional training for its first responders about situational awareness when approaching a potential flowing gas site in annual emergency response training sessions and (g) the establishment of emergency communications protocols with electric distribution companies to address instances where it is important to cut electric power to reduce the risks of ignition of migrating gas. UGI has not waited for final approval of the settlement to begin the implementation of certain of these measures.

The Settlement's inclusion of this substantial list of remedial measures shows that UGI has worked with I&E and Commission gas safety personnel to learn lessons from the Millersville incident and to come up with pro-active measures to enhance safety and reduce future risks. The settlement terms, collectively, provide substantial public benefits and should be approved without modification.

#### **B. FACTORS UNDER COMMISSION'S POLICY STATEMENT**

Set forth below at the standards set forth in 52 Pa. Code § 69.1201(c), and UGI's view as to how the Settlement terms should be considered under each standard:

*(1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less egregious, such as administrative filing or technical errors, it may warrant a lower penalty.*

The events which occurred at Millersville were of a serious nature, but directly caused by the activities of a third party not under UGI's control, and the alleged violations asserted in I&E's complaint, even if accepted as true, could not fairly be considered as a material cause of the event or a contributing factor to the damages sustained, and should be viewed, on balance, as asserting violations of a more technical nature.

Specifically, count one of the I&E complaint claims UGI violated its GOM by mismarking one of its lines in response to a FSS one-call locate request. UGI has addressed one-call procedures in the Settlement here is no indication that Walker was even aware of the marking (which had expired), and Walker did not perform its responsibility to visually confirm the location of the line. Moreover, UGI would have shown that its actions did not violate applicable statutory one-call rules as set by the General Assembly.

Counts two, three and twenty-five of the complaint involve the lack of written procedures which UGI has addressed in the Settlement, but the absence of these written rules was not a contributory cause of the explosion or subsequent damage.

Counts four through twenty involve the failure to inspect on an annual basis the valve that was used to shut of gas flows to UGI's damaged main from one direction. UGI has addressed valve inspection issues in the Settlement but, as noted above, (a) the valve in question was a six-inch valve on a five year inspection cycle and had been serviced twice during the period in question, and not an eight-inch valve, (b) the valve in question works when it was turned and (c) was not a contributory factor to the explosion or the damages sustained.

Counts twenty-one through twenty-four alleged that UGI violated its GOM procedures by failing to isolate remaining gas flows to the damaged main by turning three valves instead of



squeezing-off the main. UGI has addressed the potential of first responders not being able to easily identify valves if they lose communication in the settlement, and believes that its GOM properly permits squeeze-offs as an option to terminate gas flows, but the decision to squeeze-off the main at Millersville was not a cause of the explosion and did not materially contribute to the damage sustained as gas flows were minimized by the depressurization of the line and were ultimately terminated by the squeeze-off.

The remaining count of complaint alleges that UGI violated federal standards by not having sufficient valves on its system. There was no lack of valves that could have been turned to isolate the flow, however, as evidenced by the allegations in counts twenty-one through twenty-four of the complaint, and any alleged lack of valves was not a cause of the explosion or of the damages sustained.

Thus, UGI believes that the first factor, on balance, would suggest a lesser penalty.

*(2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.*

While the consequences of FSS's and Walker's actions were serious, it is not clear, for the reasons discussed above, that the consequences of UGI's alleged errors caused the explosion or resulting damage. Thus, the second factor would suggest a smaller penalty.

*(3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.*

While it seems clear that FSS's and Walker's actions were intentional, given the review of one-call responsibilities that occurred on June 9, 2011, it is not alleged that UGI's actions were intentional. Thus, UGI believes this factor would suggest a lower penalty.

*(4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.*

UGI has responded to the Millersville incident by agreeing to the comprehensive list of changed procedures, training and coordination activities addressed in the Settlement, and based on the lessons learned. UGI has also not waited for approval of the Settlement to begin to implement many of these terms. This factor would accordingly suggest a smaller penalty.

*(5) The number of customers affected and the duration of the violation.*

While citizens were evacuated from twenty buildings as a precaution resulting from the migration of gas, the direct cause of the main strike and migration of gas was Walker and not UGI. Apart from the mistake of not adding a deadhead valve back on its inspection list when it was reconnected to an active segment of UGI's system, none of the alleged violations are of a long-standing nature. This factor according would accordingly not suggest a larger penalty unless UGI were to be held liable for Walker's actions.

*(6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.*

UGI is mindful of the fact that in other proceedings the Commission has taken the position that UGI has been involved in too many proceedings alleging violation of gas safety rules. UGI would also note that it has agreed to a very substantial civil penalty in this proceeding despite the mitigating factors discussed herein.

*(7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.*

UGI fully cooperated with the investigation of this incident and stands ready to cooperate with any enforcement actions against FSS and Walker.

*(8) The amount of the civil penalty or fine necessary to deter future violations. The size of the utility may be considered to determine an appropriate penalty amount.*

Given the nature of the alleged violations by UGI, and UGI's agreement to a comprehensive of remedial measures based on the lessons learned and its full cooperation with Commission staff, there is no reason to believe that large civil fines are necessary to ensure future cooperation and compliance.

*(9) Past Commission decisions in similar situations.*

Given the nature of the alleged violations and the fact that FSS's and Walker's actions were the direct cause of the migrating gas that resulted in the explosion and damage, UGI believes that a civil penalty of \$200,000 is well above comparable fines in other cases.

*(10) Other relevant factors.*

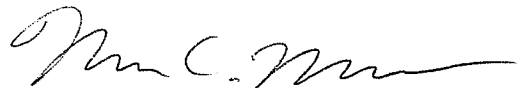
UGI believes that harshly penalizing NGDC's for largely technical or incidental alleged violations resulting from damages directly caused by excavators who blatantly disregard responsibilities assigned to them by the General Assembly under the PA ONE CALL ACT could inadvertently send an improper signal to excavators that they will not bear the brunt of the responsibility for their violations, and undermine compliance with that act. UGI would also note that the Pennsylvania Department of labor and Industry is charged with enforcement of the provisions of the PA ONE CALL ACT, and indirectly attempting to enforce the provision of the act through enforcement actions against NGDCs for alleged violations of internal rules modeled on compliance with the act could subject NGDCs to conflicting administrative interpretations.

**IV. CONCLUSION**

UGI takes gas safety very seriously, and seeks to cooperate with the Commission to constructively address gas safety issues and ensure that its system operates safely. Through cooperative efforts and the open exchange of information, the Joint Petitioners have arrived at a settlement that resolves all issues in this proceeding in a fair and equitable manner. The terms of the Settlement resolve all issues related to the I&E complaint, and provide significant public benefits to all customers, communities and UGI employees but adopting common sense measures to improve UGI's operations and reduce risks based on the lessons learned from the Millersville incident. UGI also stands ready to cooperate with the efforts of authorities to seek appropriate sanctions and remedies from FSS and Walker.

A fair and reasonable compromise has been achieved in this case. UGI fully supports the Settlement and respectfully requests that it be approved in its entirety, without modification.

Respectfully submitted,



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Mark C. Morrow

Counsel for UGI Utilities, Inc. –  
Gas Division

Dated: February 21, 2013

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility  
Commission, Bureau of Investigation  
and Enforcement

v.

UGI Utilities, Inc.

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**VERIFICATION**

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I, Robert F. Beard, Jr., being President of UGI Utilities, Inc., hereby state that the facts set forth in the foregoing Statement in Support of UGI Utilities, Inc. – Gas Division are true and correct to the best of my knowledge, information and belief, that I expect UGI Utilities, Inc. – Gas Division to be able to prove the same at any hearing in this matter, and that I understand that this verification is subject to the penalties of 18 Pa.C.S. §4904 (relating to unsworn falsifications to authorities).



Robert F. Beard, Jr.