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June 25, 2014

**VIA ELECTRONIC FILING**

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

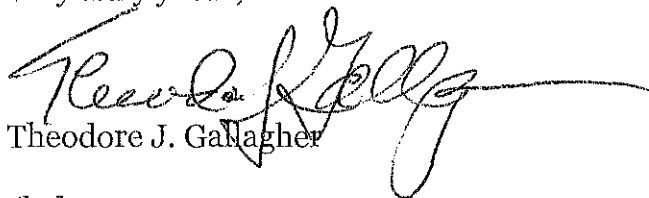
Re: Pennsylvania Public Utility Commission, Bureau of Investigation  
and Enforcement v. Columbia Gas of Pennsylvania, Inc.  
Docket No. M-2014-2306076

Dear Secretary Chiavetta:

Enclosed for filing is the original of the Supplemental Statement in Support of Columbia Gas of Pennsylvania's relative to the above-referenced matter. Copies have been served on the parties of record in accordance with the attached Certificate of Service.

Please feel free to contact the undersigned with any questions.

Very truly yours,



Theodore J. Gallagher

/kak

Enclosure

cc: Certificate of Service

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement,

v.

Columbia Gas of Pennsylvania, Inc.,

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Docket No. M-2014-2306076

**SUPPLEMENTAL STATEMENT OF**  
**COLUMBIA GAS OF PENNSYLVANIA, INC.**  
**IN SUPPORT OF SETTLEMENT AGREEMENT**

Columbia Gas of Pennsylvania, Inc. (“Columbia Gas” or “the Company”), by and through its counsel, hereby respectfully submits its Supplemental Statement in Support of the Settlement Agreement submitted by Columbia and the Commission’s Bureau of Investigation and Enforcement (“I&E”) in the captioned proceeding. This Supplemental Statement is submitted in order to address the Joint Statement of Commissioner James H. Cawley and Commissioner Pamela A. Witmer, issued on June 5, 2014. In that Joint Statement, Commissioners Cawley and Witmer sought responses from Columbia and I&E to six inquiries. Columbia responds to those inquiries as follows:

**Question 1: Describe the remedial actions that have been taken to date to address the alleged violations identified in the Settlement.**

**Columbia Response**

**A. Alleged Violations Regarding Valves P-2913 & 2914**

Remedial Action: Under ¶ 95 b. ix of the Settlement Agreement, Columbia has agreed to perform annual inspections of any distribution system valve used in a natural gas emergency that was not designated as a necessary or emergency valve at the time of the emergency (and

therefore was not a valve that was inspected annually.) After six (6) annual inspections, if the valve has not again been used in an emergency, the annual inspections may cease. If during that six year period the valve has been used again to close the system in an emergency, Columbia Gas will reclassify that valve as an emergency valve and conduct an inspection once every calendar year, not to exceed fifteen (15) months. Subsequent to the execution of the Settlement Agreement, Columbia has not used a valve non-designated valve in such a manner. Therefore, remedial action addressed by this provision has not been necessary.

Regarding Valves P-2913 and 2914, Columbia has re-designated them as critical valves. As such, they are on schedule to be checked and serviced at intervals not exceeding 15 months, or at least once per calendar year.

**B. Alleged Violations Regarding Pipeline D-1810 (Overpressure)**

Remedial Action: Pursuant to ¶ 95 b. i. of the Settlement Agreement, in August 2013 Columbia installed a district regulator station at the connection of D-1810 in Allegheny County to Columbia Transmission 1570 pipeline to prevent the operation of D-1810 at a pressure higher than the maximum allowable operating pressure.

**C. Alleged Violations Regarding Operating Pressure in Somerset County (New Enterprise)**

Remedial Action: Columbia has installed a secondary relief valve at this station, pursuant to ¶ 95 b. vi of the Settlement Agreement.

**D. Alleged Violations Regarding Operating Pressure in Washington Count (Scenery Hill)**

Remedial Action: Columbia has installed a secondary relief valve at this station, pursuant to ¶ 95 b. vi of the Settlement Agreement.

**E. Alleged Violations Regarding Overpressure of Downstream Pipelines at the Carson Street Regulatory Station 4135 in Connellsville**

Remedial Action: Columbia has installed a secondary relief valve at this station, pursuant to ¶ 95 b. vi of the Settlement Agreement. The measures to be taken under ¶ 95 b. vii and viii of the Settlement Agreement also address this alleged violation.

**F. Alleged Violations Regarding Excavation Damage of Pipeline D-1810 in Collier Township**

Remedial Actions: The measures to be taken under ¶ 95 b. vii and viii of the Settlement Agreement address these alleged violations.

**G. Alleged Violations Regarding Overpressure of Downstream Pipelines at Regulator Station 4853 near West Newton**

Remedial Actions: Columbia will install additional overpressure relief devices at this station, pursuant to ¶ 95 b. iii and vii of the Settlement Agreement.

**H. Alleged Violations Regarding Overpressure of Downstream Pipelines at Regulator Station 4092 in Dunbar Township**

Remedial Actions: Columbia will install additional overpressure relief devices at this station, pursuant to ¶ 95 b. iii and vii of the Settlement Agreement.

**I. Alleged Violations Regarding Overpressure of Downstream Pipelines at Penn State Grad Lab Building Regulator at University Park**

Remedial Action: Columbia has installed a secondary relief valve at this station, pursuant to ¶ 95 b. vi of the Settlement Agreement.

**Question 2: Provide an estimate of the total number of recording gauges at identified stations that do not have a recording gauge at this time, how many stations will require a design change to prevent accidental over-pressuring, and how many of these units are single-feed, low pressure systems without over-pressure regulation.**

**Columbia Response**

**Electronic Recording Gauges**

Identified to be installed	293
Installed to date	92
Removed from list*	9
Remaining to be installed	192

**Pressure Relief Devices**

Identified to be installed	369
Installed to date	80
Removed from list*	18
Remaining to be installed	271

\*Station was either abandoned or configuration of regulator station has been changed such that measure is no longer necessary. Gas Safety Division is aware of these removals.

**Question 3: Explain why the investment in the issue referred to as the Delong Farm Tap and associated meters justifies a lower penalty when the settlement contemplates recovery of this investment, to a maximum of \$200,000.**

**Columbia Response**

Columbia and I&E engaged in extensive exchange of information and negotiation in the process of agreeing to the terms embodied in the Settlement Agreement. In agreeing to invest in facilities to replace the Delong Farm Tap master meter system, Columbia has undertaken to assist the Gas Safety Division (“GSD”) to resolve a matter that is of concern to the GSD, but which is non-jurisdictional, as described in the Supplemental Statement in Support of Settlement Agreement filed in this matter by I&E on June 24, 2014. Although the Settlement Agreement contemplates recovery of this investment, up to a maximum of \$200,000, it should be noted that that the current estimate for Columbia to install facilities to replace the Delong Farm Tap master meter system could reach as much as \$286,000, depending upon the physical

configuration of the point of delivery that will be required by Columbia Gas Transmission, LLC (“TCO”). Columbia is working with TCO to attempt to minimize the cost of that point of delivery, so that the total cost of the project is as close to \$200,000 as possible. In the event that the cost comes in at the high end, however, Columbia’s total non-recoverable expenditures associated with this settlement (civil penalty of \$110,000 plus the cost of facilities above \$200,000) would be close to \$200,000.

**Question 4: Explicitly explain what, if any risk Columbia bears regarding recovery of its investment in the issue referred to as the Delong Farm Tap. Is Columbia guaranteed recovery of these costs up to \$200,000 in its next filed rate case? Explain situations where Columbia might not recover costs up to \$200,000.**

**Columbia Response**

As noted in response to Question 3, above, the current estimate to install facilities to replace the Delong Farm Tap master meter system will exceed \$200,000. Consequently, Columbia bears the risk of non-recovery for a significant portion of its total investment in those facilities. Columbia expects that it will be granted recovery of its prudent investment in such facilities up to \$200,000 in a subsequent base rate proceeding.

**Question 5: Have each of the privately metered accounts on the Delong Farm Tap agreed to take service from Columbia. If not, how will Columbia handle any instance where a Delong Farm Tap customer refuses service from Columbia?**

**Columbia Response**

Columbia has held off approaching the individuals who are currently being served under the privately metered accounts on the Delong Farm Tap, pending the Commission’s consideration and ultimate ruling on the proposed Settlement. In the event that such individuals refuse service from Columbia, they would be free to pursue an alternative form of energy, as Columbia cannot legally compel them to accept service. With that said, since each of these

accounts are presumably currently equipped with gas burning appliances, Columbia submits that refusal of natural gas distribution service from Columbia would not likely be a viable economic option for those accounts.

**Question 6: Describe in detail how the additional training and testing requirements pursuant to paragraphs 95(vii) and (viii) of the Settlement will correct *each* of the nine alleged incidents described in this Order.**

**Columbia Response**

Paragraph 95, subsections b.vii and b.viii of the Settlement Agreement were intended to address only two of the nine alleged incidents: the Alleged Violations Regarding Overpressure of Downstream Pipelines at the Carson Street Regulatory Station 4135 in Connellsville and the Alleged Violations Regarding Excavation Damage of Pipeline D-1810 in Collier Township. With regard to these incidents, I&E alleged that Columbia personnel failed to follow proper procedures regarding response to overpressure, that Columbia personnel failed to mark underground facilities properly, and that the Company failed to ensure through evaluation that individuals were qualified to perform various tasks covered by 49 CFR Part 192. The additional training and testing requirements address those issues by providing that: Columbia will provide a process for evaluating operating personnel for determining abnormal operating conditions; Columbia will provide a record for this process, and; Columbia shall adopt as its baseline OQ Training and Testing methodology the “Virginia Enhanced OQ Training and Testing Protocol.”

**WHEREFORE**, Columbia Gas of Pennsylvania, Inc. respectfully requests that the Pennsylvania Public Utility Commission adopt an order approving the terms of the Settlement Agreement as being in the public interest.

Respectfully submitted,

Columbia Gas of Pennsylvania, Inc.

By: 

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Dated: June 25, 2014



## CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

### VIA E-MAIL AND FIRST CLASS MAIL

Michael L Swindler  
Prosecutor  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

### VIA: OVERNIGHT DELIVERY

Robert F. Powelson, Chairman  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

James H. Cawley  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

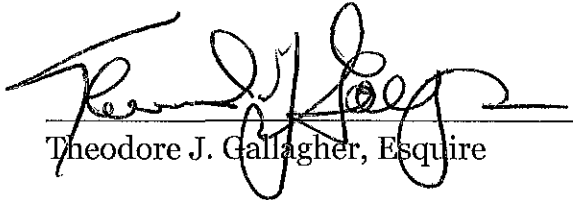
Gladys M. Brown, Commissioner  
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John F. Coleman, Jr., Vice Chairman  
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Pam Witmer, Commissioner  
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Cheryl Walker Davis, Director  
Pennsylvania Public Utility Commission  
400 North Street  
Harrisburg, PA 17120

Dated: 06/25/14

  
Theodore J. Gallagher, Esquire