



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

IN REPLY PLEASE  
REFER TO OUR FILE

June 24, 2014

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 the Bureau of Investigation and Enforcement relative to the above-referenced matter. Copies have been served on the parties of record in accordance with the attached Certificate of Service.

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

Sincerely,

Michael L. Swindler  
Prosecutor  
PA Attorney ID No. 43319

Enclosure

cc: As per Certificate of Service

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**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 IN SUPPORT  
OF SETTLEMENT AGREEMENT  
OF PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**Introduction**

The Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E") submits this Supplemental Statement In Support of Settlement Agreement ("Supplemental Statement") at the above docket in response to the Joint Statement of Commissioner James H. Cawley and Commissioner Pamela A. Witmer issued at Public Meeting of June 5, 2014 which accompanied the Commission's Order entered June 5, 2014 (June 5 Order). In its June 5 Order, the Commission held the substantive review of the Settlement Agreement in abeyance and issued the Settlement Agreement entered into between Columbia Gas of Pennsylvania, Inc. ("Columbia Gas" or "Company") and I&E (hereinafter collectively referred to as "Parties") for comments

by interested parties to be filed within 30 days of the date of the Order. This supplemental statement in support is being filed within the directed comment period.

This Supplemental Statement is filed in order to provide further detail to substantiate that the Settlement Agreement amicably reached by the Parties and filed with the Commission on February 6, 2014, provides for a monetary civil penalty and non-monetary corrective actions taken or to be taken by the Company that sufficiently address the violations alleged by I&E. As a result of the supplemental details provided herein, I&E respectfully requests that the Commission conclude that the terms and conditions memorialized in the Settlement Agreement adequately balance the duty of the Commission to protect the public interest with the interests of the Company, the Company's customers, and all gas consumers in Pennsylvania and that the Settlement Agreement should be approved as filed.

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

I&E Response:

On June 30, 2013, the Compliance Manager for NiSource (the parent company of Columbia Gas) agreed to complete the installation of "erx" or extended recording device gauges and necessary relief valves on all single feed regulator stations in the Columbia Gas distribution system as determined by the Commission's Gas Safety Division ("GSD") within five years. Consequently, all of the work would be completed by July 1, 2018. It was agreed by the Company and GSD that a minimum of 80 gauges and 80 relief valves would be installed by June 30, 2014. Columbia Gas further agreed that GSD

would check the progress of this program as often as necessary, but at least twice each year to insure the timely completion of the project.

On August 9, 2013, Columbia Gas installed a new regulator station to control the pressure in D-1810. This project was inspected by a GSD inspector. The MAOP was reduced in the D-1810 pipeline as a result of this regulator station.

On April 15, 2014, a GSD Supervisor met with Columbia Gas personnel to review the progress of the gauge and relief valve installation/replacement project. At that time, Columbia GAS had installed 44 gauges and 60 relief valves.

On June 6, 2014, the GSD Supervisor met Columbia Gas personnel at the Company's Southpointe Office and found that 83 gauges and 70 relief valves had been installed to date. The GSD Supervisor is scheduled to meet with Columbia Gas on July 1, 2014 to insure that at least 10 more relief valves are installed, in compliance with the agreed to quota of 80 gauges and 80 relief valves by June 30, 2014.

**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 protection.**

I&E Response:

As of June 6, 2014, Columbia Gas needed to install 201 gauges (a total of 284 minus the 83 installed to date) and 282 relief valves (a total of 352 minus the 70 installed to date) by July 1, 2018. Currently all single feed low pressure regulator stations have over-pressure protection to prevent an over pressure from a regulator failure. There are 57

low pressure single feed regulator stations that would require an additional pressure relief valve to prevent an over pressure from a failure of the bypass valve. All low pressure single feed stations will have the necessary relief valves by July 1, 2015.

**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. [footnotes omitted.]**

I&E Response:

This was a negotiated settlement involving numerous factors. A lower penalty was deemed justified as a result of the agreement by Columbia Gas to resolve a farm tap issue that would have otherwise been deemed non-jurisdictional and not the responsibility of Columbia Gas since the transmission pipeline is owned by Columbia Transmission (not PUC jurisdictional), the master meter is owned by Columbia Distribution and the facilities downstream from the master meter were owned by the customer(s). As a result, the existing farm tap configuration was non-jurisdictional to the Commission. The configuration would be jurisdictional to PHMSA, however they have informed the Commission that they will not inspect master meter systems in Pennsylvania. Thus, the system as it existed lacked compliance oversight. Delong, the owner, would have had to register with PHMSA as a pipeline operator and then would most likely have not complied with state and federal gas safety regulations. As a result of Columbia stepping up and taking over the facilities beyond the master meter, it is much more likely that the system will be in compliance with state and federal gas pipeline safety regulations which will provide a safer and more reliable source of supply to the

customers. I&E deemed that the Company's agreement to take on this responsibility and provide a safer environment for the customers impacted by such action was worthy of a decreased civil penalty.

**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.**

I&E Response:

Columbia Gas bears the same risk of recovery that it would bear regarding any of its investments in any rate proceeding. Columbia Gas is only "guaranteed" recovery of this investment to the extent that it is able to recover the cost of the facilities through normal recovery mechanisms. As such, the Company is free to raise a claim and seek to show that the expense is prudent. Parties to a rate proceeding are not precluded from challenging such a claim.

**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?**

I&E Response:

I&E does not possess this information but is hopeful that the Company's response may be able to shed more light on the intentions of the individuals currently connected to the Delong facilities. Nevertheless, it should be noted that the cost recovery of "up to" \$200,000 was at least in part a result of not knowing which individuals would elect to be

served by the Company's facilities. As such, in reaching the settlement, it was not imperative that the precise number of individuals electing Columbia Gas service be known.

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

I&E Response:

The terms set forth at Paragraph 95.b.vii and 95.b.viii are intended to respond to two of the matters consolidated for investigation at Docket No. M-2014-2306076, specifically the "Overpressure of the Downstream Pipelines at the Carson Street Regulator Station 4135 in Connellsville" (Section VI of the Settlement Agreement at Paragraphs 45-58) and "Excavation Damage of Pipeline D-1810 in Collier Township" (Section VII of the Settlement Agreement at Paragraphs 59-74).

The overpressure at the Carson Street regulator station resulted in an alleged violation of Section 192.805(b). This is because the two Columbia Gas regulator repair personnel who responded to the overpressure were rated as qualified, but the Company could not provide a record that these employees could recognize the abnormal operating condition of the overpressure and notify the proper Columbia Gas personnel. Columbia Gas could not insure that the regulator personnel were provided the correct answers to any missed questions. Neither of the regulator personnel notified any other Columbia Gas personnel of the discovered overpressure as outlined in the OQ Task CDOQM4, Qualification Inspect, & Test Pressure Limit Stations, Relief Devices and Pressure

Regulating Stations. Had the regulator personnel made the proper notification as required by the Company's procedure and as set forth in the OQ training manual, Columbia Gas would have initiated a leak survey after the discovery of the overpressure on the same day and likely found the hazardous leak at 1415 Carson Street.


The excavation damage of Pipeline D-1810 also resulted in an alleged violation of Section 192.805(b). This is because Columbia Gas had three different line locating personnel respond to six Pa One Call notices. None of the locators recognized that the pipeline was not marked through the entire locate requests. Had any of the three Columbia locate personnel validated the markings and reviewed the tickets, they would have discovered that the entire section of pipeline in the area of excavation was not marked. Had they marked the line in the entire area of excavation the excavator would have realized that the 170 psig pipeline was near the installation of the guard rail. The excavator could have prudently excavated near the gas line and not hit the pipeline. The release of gas put the excavator personnel in the area of a hazardous leak.

None of the remaining incidences alleged violations of the Operator Qualification regulations. Columbia Gas has agreed to provide records through the operator qualification program that indicate the personnel are trained and qualified to recognize and react properly to an abnormal operating condition. Columbia Gas agrees that on December 31, 2014 that the "Virginia enhanced OQ training and testing protocol" will be in place in Pennsylvania. All Columbia Gas personnel will be trained and qualified for all covered tasks by December 31, 2017.



**WHEREFORE**, I&E represents that it supports the settlement of this matter as memorialized by the Settlement Agreement as being in the public interest and respectfully requests that the Commission approve the foregoing Settlement Agreement, including all terms and conditions contained therein in its entirety.

Respectfully submitted,



Wayne T. Scott, First Deputy Chief Prosecutor  
Michael L. Swindler, Prosecutor

PA Public Utility Commission  
Bureau of Investigation and Enforcement

Dated: June 24, 2014

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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the parties, listed and in the manner indicated below:

### **By Electronic Mail and First Class Mail:**

Theodore J. Gallagher, Esquire  
NiSource Corporate Services, Co.  
121 Champion Way, Suite 100  
Canonsburg, PA 15317

### **By Hand Delivery:**

Robert F. Powelson, Chairman  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

John F. Coleman, Jr., Vice Chairman  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

James H. Cawley, Commissioner  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

Pam Witmer, Commissioner  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

Gladys M. Brown, Commissioner  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

Cheryl Walker Davis, Director  
Office of Special Assistants  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105



Michael L. Swindler  
Prosecutor  
PA Attorney ID No. 43319

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
717.783.6369  
[mwindler@pa.gov](mailto:mwindler@pa.gov)

Dated: June 24, 2014

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