

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held May 9, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman, Conflict Statement
Kimberly Barrow, Vice Chair
Ralph V. Yanora
Kathryn L. Zerfuss
John F. Coleman, Jr.

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement

M-2023-3024990

v.

Peoples Natural Gas Company LLC

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility (Commission) for consideration and disposition is the proposed Joint Petition for Approval of Settlement (Settlement, Settlement Agreement, or Petition) filed on July 31, 2023, by the Commission's Bureau of Investigation and Enforcement (I&E) and Peoples Natural Gas Company LLC (Peoples or the Company) (collectively, the Parties), with respect to an informal investigation conducted by I&E. The Parties each filed Statements in Support of the Settlement and submit the proposed Settlement is in the public interest and consistent with the standards delineated in the Commission's Policy Statement at 52 Pa. Code

§ 69.1201, *Factors and Standards for Evaluating Litigated and Settled Proceeding Involving Violations of the Public Utility Code and Commission Regulations*.
Petition at 22.

In an Opinion and Order entered on December 6, 2023 (*December 2023 Order*), the Commission directed the Parties to augment the Settlement by filing supplemental information. On December 21, 2023, the Parties filed a Supplemental Record to Joint Petition for Approval of Settlement (Supplemental Record) with the requested information clarifying the record in this proceeding.

By Order entered February 1, 2024 (*February 2024 Order*), we provided interested parties with the opportunity to file comments on the Settlement. The Commission did not receive any comments from interested parties but did receive from the Office of Consumer Advocate (OCA) on March 8, 2024, a Letter in Lieu of Comments (OCA Letter).

History of the Proceeding

This matter arises from an over-pressurization event that occurred on April 29, 2020, on Peoples' distribution system serving Robinson, Pennsylvania. Petition at 4-5. The incident resulted in the over-pressurization of approximately two hundred and four (204) service lines, caused three (3) furnaces to flare and catch fire, and resulted in the replacement of eleven (11) furnaces, seventy (70) water heaters, one (1) range, one hundred and ninety-four (194) furnace valves, and one hundred and thirty-five (135) water tank valves. Petition at 5-6.

I&E conducted a field investigation and interviewed three (3) Peoples' employees. As part of its investigation, I&E also served forty-two (42) individual data requests. Petition at 7.

Thereafter, the Parties entered negotiations and agreed to resolve the matter in accordance with the Commission's policy to promote settlements at 52 Pa. Code § 5.231(a). Petition at 11. As previously indicated, the Parties filed the instant Settlement on July 31, 2023.

Pursuant to the *December 2023 Order*, the Parties were directed to supplement the record in this proceeding. Specifically, the Commission requested:

First, the Settlement should be supplemented by the Parties to clearly and publicly indicate the costs of replacing the private property damaged by this incident. This information is only accessible to the Parties and should be included in the Settlement, and we see no reason why these costs should be confidential. Second, the Parties should explain how the cost to remediate the damage to private property will be paid for. For example, whether insurance will cover the replacement of these private facilities, whether Peoples' shareholders will bear those costs, or whether cost recovery will be sought in rates. Finally, the Parties should comment on their intentions regarding recovery of the civil penalty in rates.

December 2023 Order at 12.

On December 21, 2023, the Parties, in response to the Commission's *December 2023 Order*, filed the Supplemental Record, which is attached hereto as Attachment B.

As noted, by the *February 2024 Order*, we directed that notice of the Order and Proposed Settlement be published in the *Pennsylvania Bulletin*, to provide an opportunity for interested parties to file comments with the Commission regarding the Proposed Settlement within twenty-five days after the date of publication.

On February 17, 2014, the *February 2024 Order*, along with the Settlement, Statements in Support, and Supplemental Record, were published in the

Pennsylvania Bulletin, 54 Pa.B. 882 (February 17, 2024). In accordance with the *February 2024 Order*, comments on the Proposed Settlement were due on or before March 13, 2024 (*i.e.*, twenty-five days after the *February 2024 Order* was published.) As noted above, the Commission received the OCA Letter on March 8, 2024. No other comments were received.

Background

Peoples' Robinson distribution system serves two hundred and twenty-one (221) properties in Robinson, Indiana County, Pennsylvania. Petition at 6. The system is supplied gas through a single regulator station (LS 260 or station) with an inlet maximum operating pressure (MAOP) of sixty (60) pounds per square inch gauge (psig) and outlet MAOP of one psig. *Id.* The station's typical operating pressures are between fifty-two (52) and fifty-six (56) psig on the inlet side, and eight (8) ounces on the outlet side. *Id.* LS 260 is designed as a single regulator with double-stacked relief, a single-relief isolation valve, a single bypass valve, an upstream valve, and a downstream valve. *Id.*

On April 29, 2020, three (3) technicians employed by Peoples were conducting an annual regulator inspection of LS 260. To test the regulator, the technicians took the regulator out of service by closing a valve upstream and a valve downstream of the regulator. Petition at 4. Pressure to the downstream system was adjusted manually by opening the bypass valve at the regulator station. During the manual operation of the bypass valve, the technicians noted the downstream gauge was not registering pressure. After placing a second gauge on the downstream side of the bypass valve, the second gauge displayed an outlet operating pressure of twenty (20) ounces, more than the MAOP of the system. Petition at 4-5. The technicians opened a closed downstream valve, which allowed gas to escape through the double-stacked relief and shut down the system using an emergency valve. Petition at 5. Peoples estimates that between thirty (30) to sixty (60) seconds of overpressure occurred. However,

because there was no recording gauge on the downstream piping, the precise duration of the over-pressurization event is unknown. Petition at 8.

Peoples submitted an incident report, Report No. 1276429, to the National Response Center on April 30, 2020.

I&E's Safety Division's findings indicate the three Peoples' technicians had received relevant operator qualification training, though only one of the three technicians had previously conducted an inspection on a regulator station where the downstream valve could, if shut, isolate the double-stack relief and regulators from the rest of the system. Petition at 7. I&E's Safety Division also noted the technicians failed to follow Company procedures as set forth in Peoples' Job Procedure 703, *Bypassing a Regulating Station*, by failing to install a pressure gauge in the correct position to monitor system pressure, only installing the downstream pressure gauge after the over-pressurization event occurred. Petition at 9. I&E's Safety Division also found training materials provided by Peoples were not sufficiently detailed to ensure employees were qualified to conduct bypass operations when inspecting regulator stations. *Id.* Finally, I&E's Safety Division found the design of LS 260 likely contributed to the overpressure incident with certain isolation valves, when shut off, isolating the relief valve and double-stacked relief. *Id.*

I&E's Safety Division directed Peoples to conduct daily leak surveys for one week (or until leaks were no longer discovered) and expedite the replacement of bare steel piping and metallic service lines affected by the overpressure. Petition at 6-7. Peoples complied with I&E's Safety Division's directive and conducted daily leak surveys for eight (8) weeks until all leaking service lines were replaced. Petition at 7. Peoples also replaced approximately four thousand five hundred and fifty-two (4,552) feet of steel pipe and one hundred and thirty-three (133) service lines. Petition at 7. As mentioned *supra*, the over-pressurization event also resulted in the replacement of

eleven (11) furnaces, seventy (70) water heaters, one (1) range, one hundred and ninety-four (194) furnace valves, and one hundred and thirty-five (135) water tank valves. Petition at 5-6.

If this matter had been fully litigated, I&E would have proffered evidence and legal arguments to demonstrate that Peoples, *inter alia*, committed multiple violations related to 66 Pa. C.S. § 1501, 49 CFR § 192, and the adoption of Federal pipeline safety laws at 52 Pa. Code § 59.33(b), including, but not limited to, the following: insufficient safety standards to protect against accidental overpressure; failure to establish sufficient training materials; operating steel or plastic pipelines in excess of maximum operating pressure; failure to ensure employees have the necessary knowledge and skills to safely perform such tasks; and failure to maintain adequate, safe and reasonable service. Petition at 9-10.

Terms and Conditions of the Settlement

The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations that are the subject of the I&E informal investigation and avoids the time and expense of litigation. Petition at 19. Both Parties jointly acknowledge that approval of the Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement at 52 Pa. Code § 69.1201. *Id.*

The Settlement consists of the Joint Petition for Approval of Settlement containing the terms and conditions of the Settlement and thirteen Attachments, including Proposed Ordering Paragraphs (Appendix A to the Petition) and the respective Statements in Support of the Settlement of I&E (Appendix B to the Petition) and Peoples (Appendix C to the Petition), filed on July 31, 2023.

Pages 12-19 of the Settlement set forth the full terms and conditions. The essential terms of the Joint Settlement are set forth in Paragraph No. 38 of the Petition, which is recited in full, below, as it appears in the Petition:

38. I&E and Peoples, intending to be legally bound and for consideration given, desire to fully and finally conclude this investigation and agree that a Commission Order approving the Joint Petition without modification shall create the following rights and obligations:

a. Peoples shall pay a civil penalty in the amount of Two Hundred and Fifty Thousand Dollars (\$250,000) pursuant to 58 P.S. § 801.502 and 52 Pa. Code § 69.1201. Said payment shall be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Joint Petition for Approval of Settlement in this matter and shall be made by certified check or money order payable to the “Commonwealth of Pennsylvania.” The docket number of this proceeding shall be indicated with the certified check or money order and the payment shall be sent to:

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

b. Peoples agrees that the civil penalty shall not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f).

c. Within thirty (30) days of the entry date of the Commission’s Final Order approving any Settlement Agreement in this matter, Peoples shall review all regulator stations in its distribution system. Peoples has “reviewed all of the low-pressure regulator stations and agrees

to similarly review all medium and high-pressure regulator stations to identify all medium-pressure and high-pressure SRS.

- d. The Company agrees to provide lists for medium-pressure and high-pressure SRS identified out of the total number of medium and high-pressure regulator stations within sixty (60) days following entry of a Final Order approving the Settlement Agreement.
- e. Peoples agrees to develop a process to rank the specific risk of each SRS.
- f. Peoples agrees to use the risk model for identifying regulator station improvement project prioritization.
- g. Peoples agrees to develop a plan and timeline for “reconfiguration.”
- h. Peoples agrees to use the risk model hereto for identifying regulator station improvement projects. The Parties agree that, given higher ranked risks, other remedial projects could rank higher than a planned low-pressure SRS reconfiguration. Nonetheless, the remedial project set forth herein will be undertaken in addition to other identified remedial projects.
 - 1) Peoples shall develop a remediation schedule or preventative and mitigative measures to prevent the pipeline systems from overpressure when the station relief valves are isolated; and
 - 2) Peoples shall reconfigure the stations to protect the system from overpressure when maintenance is performed.
- i. Within thirty (30) days of the entry date of the Commission’s Final Order approving the Settlement Agreement, Peoples shall develop

and implement a process that involves a detailed pre-job briefing and checklist for performing regulator station inspections and bypass valve operations. The pre-job briefing shall require technicians to confirm the configuration of the regulator station and identify specific hazards that may be unique to the station that is being inspected.

- j. Peoples agrees that going forward, the Pre-Job Briefing and the checklist will express include any bypass valve operations.
- k. Peoples agrees that once this process is completely developed, it shall be incorporated into the Company's standard operating procedures and job procedures.
- l. Within thirty days (30) days of the entry date of the Commission's Final Order approving any Settlement Agreement in this matter, Peoples shall create a training program for new trained GM&R technicians.
- m. Peoples agrees to provide a summary of the training program to include, at minimum, parameters being considered in the specific training and any other detail that can be offered.
- n. Within thirty (30) days of the entry date of the Commission's Final Order approving any Settlement Agreement in this matter, Peoples shall create drawings of each station that shows where downstream gauges must be placed during bypass operations.
- o. Within one (1) year of the entry date of the Commission's Final Order approving the Settlement Agreement, Peoples will complete the task of having a drawing for regulator stations.
- p. Peoples agrees to update its Design Manual.

- q. Within thirty (30) days of the entry date of the Commission’s Final Order approving any Settlement Agreement in this matter, Peoples shall create an OQ task for the operation of a bypass valve as a means of regulating downstream pressure in a gas distribution system.
- r. Within thirty (30) days of the entry date of the Commission’s Final Order approving any Settlement Agreement in this matter, Peoples shall change its procedures and/or equipment to maintain the ability to record the actual pressure of an overpressure event in low pressure systems without the gauge or chart maximum pressure being reached.
- s. Peoples agrees that it has a plan to install pressure monitoring devices on each of its low-pressure systems. This plan is set forth in its most recent LTIIIP as follows:

Peoples’ Long Term Infrastructure Improvement Plan (“LTIIIP”) approved by the Pennsylvania Public Utility Commission at Docket No. P-2020-3021942 on January 14, 2021, sets forth Peoples’ plan in place with respect to regulator stations:

“In an effort to reduce the likelihood of future over-pressurization events, similar to the event that occurred in Merrimack, MA, in September 2018, the Companies reviewed their 640 regulated low-pressure systems, which are comprised of 4,500 miles of low-pressure pipeline and over 1,800 regulator stations and serve over 450,000 customers. As a result of that review, the Peoples Companies are proposing to implement three project types intended to mitigate over-pressurization risks as part of this Combined Distribution LTIIIP. The Companies will upgrade

existing regulator stations by (i) adding remote pressure detection equipment to existing regulator systems, (ii) adding another form of over-pressure protection as applicable, such as adding relief valves or making station piping modifications, and (iii) relocating underground control lines to above-ground locations whenever possible and feasible. The Company proposes to implement this program over an 8-year period, and the total estimated plant additions and costs are approximately \$40,790,000. See Appendix A, pp. 11-12. This program will increase the safety and reliability of service of the Peoples Companies systems by investing in upgrades specifically targeted to mitigate the risk of over-pressurization events similar to the events that occurred in Merrimack, MA.” Peoples’ LTIP pages 6-7.

Peoples plans to install 960 devices.

- t. Within forty (40) days of the entry date of the Commission’s Final Order approving any Settlement Agreement in this matter, Peoples shall file a report of compliance to confirm that the Company has completed or is on track to complete its remedial obligations set forth, *infra*.
- u. Upon Commission approval by Final Order of the Settlement, in its entirety without modification, I&E acknowledges and confirms that Peoples is released from all past claims that were made or could have been made by the Commission for monetary and/or other relief based on allegations that the Company failed to comply with the allegations that are the subject of the instant I&E informal investigation.

- v. I&E and Peoples jointly acknowledge that approval of this Settlement Agreement, is in the public interest and fully consistent with the Commission’s Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings, 52 Pa. Code § 69.1201. The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E’s allegations that are the subject of the I&E informal investigation, and avoids the time and expense of litigation, which entails hearing, travel for the Company’s witnesses, and the preparation and filing of briefs, exceptions, reply exceptions, as well as possible appeals. Attached as **Appendix B** and **Appendix C** are Statements in Support submitted by I&E and Peoples, respectively, setting for the bases upon which they believe the Settlement Agreement is in the public interest.

Settlement Agreement at ¶ 38.

As mentioned, *supra*, on December 21, 2023, the Parties submitted the Supplemental Record in this matter. The Supplemental Record addressed the clarifying information directed by the Commission in the *December 2023 Order* as follows:

1. December 6 Order: “[Provide a] clear and public indication of the costs of replacing the private property damaged by this incident.”

Response: “The costs of replacing the private property damage by the incident in Robinson on April 29, 2020 totaled \$305,206.10. The breakdown for those costs are set forth as follows:”

Category	Cost Elem.	Cost Element Name	Total
Materials & Supplies Expense	5304100	Material Exp-Stock	\$4,666.22
Materials & Supplies Expense	5304200	Material Exp-Non Stock	\$1,250.61
Materials & Supplies Expense	5304370	Tool & Work Equip	\$717.54
Materials & Supplies Expense	5304390	Misc Supplies	\$802.58
Outside Services	5303030	Contractor Services	\$275,161.02
Outside Services	5303035	Contractor Svcs - Rest	\$16,378.13
Outside Services	5303890	Misc. Outside Svcs	\$6,230.00
Total			\$305,206.10

2. December 6 Order: “[Provide] an explanation regarding how the cost to remediate the damage to private property will be paid for (e.g. whether insurance will cover the replacement of these private facilities, whether Peoples Natural Gas Company LLC’s shareholders will bear these costs, or whether cost recovery will be sought in rates).”

Response: “Peoples has not attempted to recover and will not attempt to recover the cost of replacing private property arising from the April 29, 2020 incident in the amount of \$305,206.10 from the ratepayers in a base rate proceeding. As stated in the Joint Petition for Approval of Settlement, these costs were not covered by insurance.”

3. December 6 Order: “[Provide] comments on the Parties’ intentions regarding recovery of the civil penalty in rates.”

Response: “The Parties explicitly agree here and had previously agreed that the civil penalty of \$250,000 will not be recovered in Peoples’ rates.”

Supplemental Record at 5-6 (emphasis in original).

Discussion

Pursuant to the Commission's Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004). The focus of our inquiry for determining whether a proposed settlement should be recommended for approval is not a "burden of proof" standard, as is utilized for contested matters. *Pa. PUC, et al. v. City of Lancaster - Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011). Rather, the benchmark for determining the acceptability of the proposed Settlement is whether the proposed terms and conditions are in the public interest. *Id.* (citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered April 1, 1996); *Pa. PUC v. C.S. Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991)).

Furthermore, consistent with the Commission's policy to promote settlements, we have promulgated a Policy Statement at 52 Pa. Code § 69.1201, which sets forth ten factors that we may consider in evaluating whether a civil penalty for violating a Commission Order, Regulation, or statute is appropriate, as well as if a proposed settlement for a violation is reasonable and approval of a proposed settlement agreement is in the public interest (alternatively, the *Rosi* factors). The Commission will not apply the factors 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 as long as the settlement is in the public interest." *Id.* The Policy Statement sets forth the guidelines we use when determining whether, and to what extent, a civil penalty is warranted. Based on our review of the Settlement terms and conditions,

and applying the relevant factors in this case, we find that the Settlement is in the public interest and should be approved.

A. OCA Letter in Lieu of Comments

The OCA filed a Letter in Lieu of Comments on March 8, 2024. The OCA Letter is submitted to “serve as notice that the Office of Consumer Advocate will investigate whether Peoples Natural Gas Company LLC has made any rate claims resulting from the over-pressurization event” at issue in this matter in its currently pending rate base case at Docket No. R-2023-3044549. OCA Letter at 1. The OCA indicates that issues to be investigated include whether any recovery has been included in Peoples’ distribution plant recovery. *Id.*

B. Analysis of Policy Statement Factors (*Rosi* Analysis)

As an initial matter, we note that any issue or argument we do not specifically address shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the Parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

The first factor we may consider is whether the conduct at issue is of a serious nature. 52 Pa. Code § 69.1201(c)(1). “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.” *Id.*

The alleged overpressure event at issue here resulted in the overpressurization of approximately 204 service lines. The event also resulted in the flaring of three (3) furnaces and damage requiring replacement to a number of appliances and valves. I&E Statement in Support at 14. While no structures were destroyed, no evacuations required, and no personal injuries reported, we believe the overpressure event to be of a serious nature as it implicates the foundational requirement that utilities provide safe and adequate service and had the potential to cause significantly more serious consequences. 66 Pa. C.S. § 1501. This factor weighs in favor of a higher civil penalty and stringent remedial measures. We find this factor supports a finding that the Settlement is in the public interest.

The second factor to be considered is whether the resulting consequences of the conduct are of a serious nature. 52 Pa. Code § 69.1201(c)(2). “When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.” *Id.*

Given the overpressurization event resulted in the replacement of eleven (11) furnaces, seventy (70) water heaters, one (1) range, one hundred and ninety-four (194) furnace valves, and one hundred and thirty-five (135) water tank valves, we find the consequences of this event to be serious and support the level of penalty contemplated in the Settlement. However, we believe the Settlement, as well as Peoples’ replacement of this damaged property to balance this factor and supports that the Settlement is in the public interest.

The third factor is “[w]hether 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.” 52 Pa. Code § 69.1201(c)(3). The third factor pertains to litigated cases only. *Id.* Since

this matter is being resolved via Settlement and an informal investigation, we find the third factor is not applicable in this proceeding.

The fourth factor to be considered is 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. 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. 52 Pa. Code § 69.1201(c)(4).

Peoples avers it has taken significant steps to prevent similar overpressure events in the future. Specifically, Peoples states it has changed its design manual to include drawings of each regulator station, conducted reviews of all its regulator stations, developed a risk model and two-step plan to improve regulator stations, and updated training courses and materials for bypass operations. Peoples Statement in Support at 7-8. We find these remedial measures, implemented on an ongoing basis and with clear metrics, show Peoples has expeditiously taken efforts to revise certain practices and ensure the conduct at issue in this matter will be less likely to occur in the future and weigh in favor of accepting the Settlement.

The fifth factor to be considered is the number of customers affected and the duration of the violations. 52 Pa. Code § 69.1201(c)(5).

Based on the information provided by the Parties, this appears to have been an isolated incident. The overpressure event impacted 204 service lines in a distribution system that serves 221 properties, and restoration of service to impacted customers began the day of the incident and was completed the next day. I&E Statement in Support at 15. As part of its response, Peoples also made infrastructure repairs and improvements, including replacement of 4,552 feet of steel pipe and 133 service lines. *Id.* at 16. We

agree with the Parties that the limited scope and duration of this incident do not warrant a higher penalty and support approval of the Settlement.

We may also consider the compliance history of the regulated entity. 52 Pa. Code § 69.1201(c)(6). “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.” *Id.*

Here, we refer to I&E’s recitation of Peoples’ compliance history, noting that Peoples has been involved in prior proceedings with civil penalties imposed. I&E Statement in Support at 16. We note that Peoples’ most recent enforcement matter involves a substantial civil penalty and large volume natural gas leak impacting 985 customers. *Id.* However, we find it persuasive that Peoples’ other matters before the Commission involve minor violations not comparable to this matter and the Settlement considers the totality of this history in arriving at the proposed civil penalty and remedial measures. Therefore, this factor supports a finding that the Settlement is in the public interest.

Another factor we may consider is whether the regulated entity cooperated with the Commission’s investigation. 52 Pa. Code § 69.1201(c)(7).

I&E states that Peoples has cooperated with the investigation in this matter, particularly by agreeing to extensive safety enhancements and a civil penalty without the need for litigation. I&E Statement in Support at 17. As a result, the Parties have been able to adequately balance the circumstances and costs associated with the measures to be taken by the Company. *Id.* This factor, and Peoples cooperation throughout this proceeding, support the approval of the Settlement.

In addition, we may consider the amount of the civil penalty or fine necessary to deter future violations, as well as past Commission decisions in similar situations. 52 Pa. Code §§ 69.1201(c)(8) and (c)(9). The Parties submit the agreed upon civil penalty in this matter of \$250,000, which is not tax deductible, is “fair, substantial and sufficient” to deter future violations. I&E Statement in Support at 17. I&E offers the proposed civil penalty and remedial measures are consistent with past Commission decisions in pipeline matters. *Id.* at 18. We agree these factors support approval of the Settlement.

The tenth factor to consider is other “relevant factors.” 52 Pa. Code § 69.1201(c)(10).

Here, I&E notes the “depth and detail” of the safety enhancements and the benefits of approving the Settlement to expedite the infrastructure and corrective measures agreed by the Parties support a finding the Settlement is in the public interest. I&E Statement at 18. We concur the Settlement is in the public interest based on this factor.

Conclusion

Upon review of the terms of the Settlement, the associated Statements in Support, and the Office of Consumer Advocate’s Letter in Lieu of Comments, we find that the Settlement is in the public interest and shall approve it; **THEREFORE,**

IT IS ORDERED:

1. That the Joint Petition for Approval of Settlement executed by the Commission’s Bureau of Investigation and Enforcement and Peoples Natural Gas Company LLC, and filed on July 31, 2023, is approved, without modification.

2. That, in accordance with Section 3301 of the Public Utility Code, 66 Pa. C.S. § 3301, within thirty (30) days of the date this Order becomes final, Peoples Natural Gas Company LLC, shall pay Two Hundred and Fifty Thousand Dollars (\$250,000.00), which consists of the entirety of the civil penalty amount. Said payment shall be made by certified check or money order payable to “Commonwealth of Pennsylvania” and shall be sent to:

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

3. That the civil penalty shall not be tax deductible or recovered in rates or passed through as an additional charge to Peoples Natural Gas Company LLC’s customers in Pennsylvania.

4. A copy of this Opinion and Order shall be served upon the Financial and Assessment Chief, Office of Administrative Services.

5. That the above-captioned matter shall be marked closed upon receipt of Peoples Natural Gas Company LLC's payment of the civil penalty.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R".

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 9, 2024

ORDER ENTERED: May 9, 2024