



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF
INVESTIGATION
&
ENFORCEMENT

August 9, 2024

Via Electronic Filing

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.
Columbia Gas of Pennsylvania, Inc.
Docket No. C-2023-3043425
Joint Petition for Approval of Settlement

Dear Secretary Chiavetta:

Enclosed for electronic filing is the Joint Petition for Approval of Settlement in the above-referenced proceeding as well as the following Appendices: Appendix A - Joint Stipulation of Facts in Support of Settlement; Appendix B – Joint Proposed Conclusions of Law and Ordering Paragraphs; Appendix C – the Statement in Support of the Bureau of Investigation and Enforcement; and Appendix D – the Statement in Support of Columbia Gas of Pennsylvania, Inc.

Copies have been served on the parties of record in accordance with the Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Colby B. Widdowson', is written over a light blue circular stamp.

Colby B. Widdowson
Prosecutor
Bureau of Investigation & Enforcement
PA Attorney ID No. 326185
(717) 787-2139
cwiddowson@pa.gov

CBW/ ac
Enclosures

cc: Administrative Law Judge Emily I. DeVoe (via email – edevoe@pa.gov)
Michael L. Swindler, Deputy Chief Prosecutor, I&E (via email – mwindler@pa.gov)
As per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. C-2023-3043425
	:	
Columbia Gas of Pennsylvania, Inc.	:	

JOINT PETITION FOR APPROVAL OF SETTLEMENT

TO PRESIDING ADMINISTRATIVE LAW JUDGE EMILY DEVOE:

Pursuant to 52 Pa. Code §§ 5.41 and 5.232, the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E” or “Complainant”) and Columbia Gas of Pennsylvania, Inc. (“Columbia Gas,” “Company,” or “Respondent”) hereby submit this Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) to resolve all issues related to the above-docketed I&E Formal Complaint (“Complaint”) proceeding. The Complaint alleges violations of the Public Utility Code, Pennsylvania Code, and Code of Federal Regulations in connection with a natural gas explosion that occurred on October 29, 2020, at 448 Chestnut Street, Rimersburg, Pennsylvania. As part of this Settlement Agreement, I&E and Columbia Gas (hereinafter referred to collectively as the “Parties” or “Joint Petitioners”) respectfully request that Your Honor issue a decision approving the Settlement without modification. A Joint Stipulation of Facts in Support of

Settlement is attached hereto as **Appendix A**. Joint Proposed Conclusions of Law and Ordering Paragraphs are attached hereto as **Appendix B**. Statements in Support of the Settlement expressing the individual views of I&E and Columbia Gas are attached hereto as **Appendix C** and **Appendix D**, respectively.

I. INTRODUCTION

1. The Parties to this Settlement Agreement are the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, by its prosecuting attorneys, 400 North Street, Harrisburg, Pennsylvania 17120 and Columbia Gas,¹ a natural gas distribution company ("NGDC"), with a principal place of business of 121 Champion Way, Suite 100, Canonsburg, PA 15317.

2. The Pennsylvania Public Utility Commission is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities within this Commonwealth, as well as other entities subject to its jurisdiction, pursuant to 66 Pa.C.S. §§ 101, et seq.

3. I&E is the entity established to prosecute complaints against public utilities and other entities subject to the Commission's jurisdiction pursuant to 66 Pa.C.S. § 308.2(a)(11); *see also* Implementation of Act 129 of 2008; Organization of Bureaus and Offices, Docket No. M-2008-2071852 (Order entered August 11, 2011) (delegating authority to initiate proceedings that are prosecutory in nature to I&E).

¹ Columbia Gas of Pennsylvania, Inc. is a NiSource Company.

4. 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.

5. Pursuant to Section 59.33(b) of the Commission's regulations, 52 Pa. Code § 59.33(b), I&E's Pipeline Safety Division ("Pipeline Safety") has the authority to enforce Federal pipeline safety laws and regulations set forth in 49 U.S.C.A. §§ 60101-60503 and as implemented at 49 CFR Parts 191-193, 195 and 199. The Federal pipeline safety laws and regulations prescribe the minimum safety standards for all natural gas and hazardous liquid public utilities in the Commonwealth.

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

7. Section 3301(c) of the Code, 66 Pa.C.S. § 3301(c), which is specific to gas pipeline safety violations, authorizes the Commission to impose civil penalties on any person or corporation, defined as a public utility, who violates any provisions of the Code or any regulation or order issued thereunder governing the safety of pipeline or conduit facilities in the transportation of natural gas, flammable gas, or gas which is toxic or corrosive. Section 3301(c) further provides that a civil penalty of up to Two Hundred Thousand Dollars (\$200,000) per violation for each day that the violation persists may be imposed, except that for any related series of violations, the maximum civil penalty shall not exceed Two Million Dollars (\$2,000,000) or the penalty amount provided under Federal pipeline safety laws, whichever is greater.

8. Columbia Gas is a “public utility” as that term is defined at 66 Pa.C.S. § 102 as it is engaged in providing public utility service as an NGDC in the Commonwealth of Pennsylvania to the public for compensation.

9. Columbia Gas, as an NGDC, 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 regulations and orders.

10. Pursuant to the provisions of the applicable Commonwealth statutes and regulations, the Commission has jurisdiction over this subject matter and the actions of Columbia Gas in its capacity as an NGDC.

II. BACKGROUND

11. On October 29, 2020, at approximately 8:03 a.m., an explosion occurred at 448 Chestnut Street, Rimersburg, Pennsylvania, a residence serviced by Columbia Gas via a 2-inch plastic main.

12. The explosion resulted in no fatalities or injuries; however, approximately nineteen (19) residents within a two-block radius of the explosion were evacuated.

13. The explosion caused significant structural damage to 448 Chestnut Street, resulting in a total loss and estimated property damage in the amount of \$213,000.

14. The source of the gas that ignited and caused the explosion came from a failed butt fusion on the 2-inch plastic main in front of 448 Chestnut Street.

15. The amount of natural gas necessary to migrate into the home to cause an explosion of this magnitude was made possible by the diameter of the plastic main, the

relative proximity of the failed butt fusion to the residence, the medium operating pressure of the main, and the multiple points of entry in the foundation of the home.

16. Pipeline safety engineers from Pipeline Safety promptly responded to the scene and subsequently conducted an investigation.

17. The results of I&E's investigation formed the basis for I&E's Complaint that was filed with the Commission on October 5, 2023 at Docket No. C-2023-3043425. I&E filed proprietary and non-proprietary versions of the Complaint. The Complaint included the following allegations:

- a. Columbia Gas failed to properly heat-fuse plastic pipe joints on the main and did not have the proper intermixing of materials as part of the construction project in 1982.
- b. Columbia Gas failed to identify defective fusion joints and did not adequately train its personnel on their procedures in reference to documentation of prior confirmed leaks on Columbia Gas facilities.
- c. Columbia Gas failed to adequately and accurately complete a Facility Failure Report, in that Columbia Gas failed to update or supplement its Facility Failure Report with the findings of from S-E-A's laboratory analysis.
- d. Columbia Gas failed to follow Pipeline Safety's directive, in that Columbia Gas failed to provide three (3) unredacted copies of the written report after S-E-A, Ltd. completed its testing and laboratory analysis.
- e. Columbia Gas failed to furnish and maintain adequate, efficient, safe and reasonable service and facilities and make such repairs, changes, alterations, substitutions, extensions and improvements in or to its service and facilities necessary or proper for the accommodation and safety of its patrons, employees and the public, thereby placing the safety of its customers, employees and the public in danger.

18. In the Complaint, I&E made several requests for relief, including that the Commission: (1) find Columbia Gas to be in violation of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations for each of the sixteen (16) counts set forth in I&E's Complaint; (2) impose a cumulative civil penalty upon Columbia Gas in the amount of in the amount of One Million, Six Hundred Thousand Dollars (\$1,600,000.00); (3) direct Columbia Gas to perform each of the corrective actions detailed in the Complaint; and (4) order such other remedies as the Commission may deem appropriate.

19. On October 16, 2023, Columbia Gas, filed an Unopposed Motion for Extension of Time to File an Answer, which was granted on October 17, 2023.

20. On November 14, 2023, Columbia Gas filed an Answer to I&E's Complaint. In its Answer, Columbia Gas denied all material allegations of fact and denied that the Bureau of Investigation and Enforcement was entitled to relief.

21. By notice dated November 15, 2023, this matter was scheduled for an Initial Telephonic Hearing on January 4, 2024 before Administrative Law Judge ("ALJ") Emily DeVoe.

22. By Order dated November 20, 2023 the Initial Telephonic Hearing was converted to a Prehearing Conference.

23. On January 3, 2024, both I&E and Columbia filed prehearing conference memoranda.

24. By notice dated January 3, 2024, the January 4, 2024 Prehearing Conference was cancelled to allow for settlement discussions.

25. By Interim Order dated February 6, 2024, the Parties were directed to submit, via email, by March 1, 2024 a status report. The Parties reported that settlement discussions were ongoing and progressing.

26. By Interim Order dated March 5, 2024, the Parties were directed to submit, via email, by April 3, 2024 a status report. The Parties reported that settlement discussions were ongoing and progressing.

27. By Interim Order dated April 4, 2024, the Parties were directed to submit, via email, by May 3, 2024 a status report. The Parties reported that settlement discussions were ongoing and progressing.

28. By Interim Order dated May 23, 2024, the Parties were directed to submit, via email, by June 21, 2024 a status report. The Parties reported that settlement discussions were ongoing and progressing.

29. By Interim Order dated June 26, 2024, the Parties were directed to submit, via email, by July 26, 2024 a status report.

III. ALLEGED VIOLATIONS

30. I&E filed a Formal Complaint alleging that Columbia Gas violated certain provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations, which Columbia Gas disputes. Had this matter been fully litigated rather than resolved through this Settlement, I&E would have contended that Columbia Gas violated certain provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations in that:

- a. Columbia Gas failed to properly heat-fuse plastic pipe joints on the main as part of the construction project in 1982 and did not have the required intermixing of materials. If proven, this is a violation of 49 CFR § 192.281(c) (Plastic Pipe- Heat-fusion Joints) and 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies).
- b. Columbia Gas failed to identify defective fusion joints and did not adequately train its personnel on their Investigation of Failures and Leakage Control Records procedures in reference to the March 6, 2020 documentation. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 CFR § 192.617 (Investigation of failures), 49 CFR § 192.805(h) (Qualification program), and 49 CFR § 192.1007(a)(1)(2)(3) (Required elements of an integrity management plan).
- c. Columbia Gas did not adequately or accurately complete a Facility Failure Report, in that Columbia Gas failed to update its Facility Failure Report with the findings from S-E-A's laboratory analysis. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 CFR § 192.617 (Investigation of failures), and 49 CFR § 192.1007(a), (c), (d) (Required elements of an integrity management plan).
- d. Columbia Gas failed to follow Pipeline Safety's directive in the November 12, 2020 letter when it failed to provide three (3) unredacted copies of the written report after S-E-A, Ltd. completed its testing and laboratory analysis. If proven, this is a violation of 49 CFR § 190.203(e) (Inspections and investigations), 49 CFR § 192.617 (Investigation of failures), 66 Pa.C.S. § 505 (Duty to furnish information to commission; cooperation in valuing property), and 52 Pa. Code § 59.33 (Safety).
- e. Columbia Gas failed to furnish and maintain adequate, efficient, safe and reasonable service and facilities and make such repairs, changes, alterations, substitutions, extensions and improvements in or to its service and facilities necessary or proper for the accommodation and safety of its patrons, employees and the public, thereby placing the safety of its customers, employees and the public in danger. If proven, this is a violation of 66 Pa.C.S. § 1501 (character of service and facilities).

31. In its Answer, Columbia Gas denied the above-listed alleged violations and raised defenses and mitigating factors in support of its defense.

32. Had this matter been fully litigated rather than resolved through this Settlement, Columbia Gas would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations.

IV. SETTLEMENT TERMS

33. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest,² I&E and Columbia Gas held a series of discussions and meetings after the filing of I&E's Complaint that culminated in this Settlement. The purpose of this Joint Petition for Approval of Settlement is to terminate I&E's Complaint and to settle this matter completely without further litigation. Although I&E filed a Formal Complaint, there has been no evidentiary hearing before any tribunal, and no sworn testimony has been taken in any proceeding related to this incident. Further, the Parties have stipulated to relevant facts. *See Appendix A* attached hereto.

34. The Settlement is a compromise of a disputed complaint, which I&E intended to prove, and that Columbia Gas intended to disprove.

35. The Parties recognize that their positions and claims are disputed and further recognize the significant and more immediate benefits of amicably resolving the disputed issues through settlement as opposed to time-consuming and expensive litigation.

² See 52 Pa. Code § 5.231(a).

36. I&E and Columbia Gas, intending to be legally bound and for consideration given, desire to fully and finally conclude this litigation and agree that a Commission Order approving the Settlement without modification will create the following rights and obligations:

A. Civil Penalty:

Columbia Gas will pay a civil penalty in the amount of Seven Hundred Thousand Dollars (\$700,000.00) pursuant to 66 Pa.C.S. § 3301(c). Said payment will be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Settlement Agreement and will be made by certified check or money order payable to the “Commonwealth of Pennsylvania.” The docket number of this proceeding, C-2023-3043425, will be indicated with the certified check or money order and the payment will be sent to:

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

The civil penalty will not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f). Columbia Gas will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding.

B. Recovery of Costs to Implement:

Columbia Gas and I&E agree that any Settlement Agreement will not prohibit Columbia Gas from seeking recovery of the costs it has incurred or may incur to implement any actions taken since the occurrence of the incident.

C. Written Reports:

Columbia Gas will require a written laboratory report and/or detailed root cause analysis for any DOT reportable incident or event, including failed facilities or equipment, and upon request of I&E’s Pipeline Safety for other failures.

D. Distribution Integrity Management Program (“DIMP”):

Consistent with the minimum requirements defined in 49 CFR 192.1007 (Required elements of an integrity management plan), Columbia Gas will revise and/or modify its Distribution Integrity Management Program (“DIMP”) to incorporate a granular breakdown and analysis of vintage plastic pipe manufactured during, at a minimum, the time period of 1970 through December 31, 1982 (hereinafter referred to as “vintage plastic pipe”). This granular breakdown will include the following information, to the extent the information is reasonably available and Columbia Gas will include the information gathered as an element of the continuing evaluation of its DIMP:

- i. Manufacturer, if known, or color of pipe;
- ii. Installation date;
- iii. Material;
- iv. Age; and
- v. All related or applicable advisory bulletins and incident history.

Revisions to this white paper will be initiated by new findings from NTSB final reports, PHMSA advisories, or NiSource incidents driven by failures on vintage plastic pipe, or every 3 years, not to exceed 39 months, at minimum.

E. DIMP Risk Assessment:

Columbia Gas will expand its DIMP risk assessment to include an evaluation of data from testing and reporting for all failures involving vintage plastic pipe, and from a visual inspection of all exposed vintage plastic pipe fusions that are found to be visually unacceptable. Consistent with its standards and procedures, Columbia will continue to test all vintage plastic pipe fusions that are found to be visually unacceptable. The reports will be made available to Pipeline Safety, upon request, and will include, at a minimum, the following information on the fusions, to the extent the information is reasonably available:

- i. GPS coordinates;
- ii. Backfill;
- iii. Pipe Material;
- iv. Fusion Type;
- v. Company, contractor, or individual who completed the fusion;
- vi. Results of a visual inspection of the fusion; and
- vii. Any other information the company deems necessary or appropriate.

F. Geographic Information System (“GIS”):

Columbia Gas will implement and incorporate a geographic information system (“GIS”) based software program that allows for further data capture of the information outlined in Paragraph “E” and additional relevant field data. Within nine (9) months of the date of entry of the Commission’s Final Order approving the Settlement Agreement, Columbia Gas will provide Pipeline Safety an outline and project summary, with a timeline, detailing Columbia Gas’s plan to implement the GIS based software program.

G. Accelerated Action:

For a period of (5) years after a Commission Order, Columbia Gas will add an accelerated action to analyze quarterly open and closed leaks suspected or confirmed to be on vintage plastic pipe, and to take appropriate action based on the analysis (e.g. supplemental surveys, accelerated leak repair, accelerated replacement schedule, etc.).

H. Accelerated Replacement of Vintage Plastic Pipe:

Columbia Gas will consider and begin accelerating the replacement of vintage plastic pipe, but such acceleration shall not impend or impose upon Columbia Gas’s commitment to the accelerated removal of cast iron, wrought iron, bare steel, and unprotected coated steel in compliance with 49 CFR Part 192

Subpart P Gas Distribution Pipeline Integrity Management and Columbia Gas's Third Long-Term Infrastructure Improvement Plan in Docket No. P-2022-3037388, and subsequent Commission approved LTIIPs, if any. During its replacement of vintage plastic pipe, Columbia Gas shall destructively test no less than fifteen (15) Plexco and/or Aldyl-A fusions, or other first-generation plastic pipe fusions annually, to determine the risk associated with these vintage plastic pipes and, if necessary, to establish a procedure and/or policy for risk-based fusion testing in the future. The destructive testing shall continue for a minimum period of five (5) years following a Commission Order or Decision and a report of the results shall be provided to Pipeline Safety for review at least every six months. I&E has the right to make comments or recommendations on the procedures or testing based on review of the reports.

I. Review of Facility Failure Reports:

Columbia Gas will have a Gas Standards Engineer review all Facility Failure Reports ("FFR"). At a minimum, Columbia Gas will follow all of its FFR procedures when legal is involved. Legal may direct additional steps or procedures in addition to the minimum FFR procedures, at legal's discretion.

J. Training for Field Personnel and Supervisory Staff:

Columbia Gas will provide additional training for field personnel and supervisory staff on adequately documenting leakage control records on form GS 1708.100-1. After a leak record has been cleared, Columbia Gas will follow the leakage QA-QC process established in its DIMP to verify that information was documented correctly and all relevant information was captured.

K. Facility Failure Report Supplementation:

Columbia Gas will remove all assumptions or notes stating that the work performed by a third-party excavator resulted in or contributed to the fusion butt failure. Specifically, the note in the Facility Failure Report which states "Extra tension from prior sewer and water excavation" shall be removed, in addition to all other Columbia Gas records which contain this assumption.

37. Upon Commission approval of the Settlement in its entirety without modification, I&E will not file any other complaints or initiate other action against Columbia Gas at the Commission with respect to the allegations that were the subject of I&E's instant Complaint.

38. Following the performance of each non-monetary, remedial measure referenced above, Columbia Gas will file with the Commission a verification acknowledging that each non-monetary, remedial measure has been met or complied with, pursuant to 52 Pa. Code § 5.591.

39. I&E and Columbia Gas 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 the allegations in I&E's Formal Complaint and avoids the time and expense of further litigation, which entails hearings, travel for out-of-state witnesses, and the preparation and filing of briefs, exceptions, and reply exceptions, as well as possible appeals. Attached as **Appendices C and D** are Statements in Support submitted by I&E and Columbia Gas, respectively, setting forth the bases upon which the Parties believe the Settlement Agreement is in the public interest.

V. CONDITIONS OF SETTLEMENT

40. This document represents the Settlement Agreement in its entirety and constitutes a negotiated resolution solely of the above-referenced proceeding at Docket

No. C-2023-3043425. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Settlement Agreement shall be construed and interpreted under Pennsylvania law, without regard to its conflict of laws provisions.

41. The Parties agree that this Settlement may be executed in one or more counterparts, each of which will be deemed an original, and all of which taken together constitute one and the same agreement that is binding upon the Parties as if they executed a single petition.

42. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Joint Petition for Approval of Settlement without modification. If the Commission modifies this Settlement Agreement, any party may elect to withdraw from this Settlement Agreement and may proceed with litigation or take such other action as deemed appropriate and, in such event, this Settlement Agreement 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 twenty (20) business days after entry of an Order modifying the Settlement.

43. In the event that the presiding ALJ issues an initial decision or recommended decision approving this Joint Petition for Approval of Settlement without modification, the Parties agree to waive the exception period, thereby allowing the Settlement Agreement to be presented directly to the Commission for review, pursuant to 52 Pa. Code § 5.232(e).

44. The Parties agree that the underlying allegations were not the subject of any hearing and that there has been no Order, findings of fact, or conclusions of law rendered in this Complaint proceeding, other than those as stipulated to or proposed as part of this Settlement. It is further understood that, by entering into this Settlement Agreement, Columbia Gas has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in any other proceeding, including but not limited to any civil proceedings, that may arise as a result of the circumstances described in this Joint Settlement Petition, nor may this settlement be used by any other person or entity as a concession or admission of fact or law.

45. The Parties acknowledge that this Settlement Agreement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding.

46. This Settlement Agreement 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 and in the public interest. This Settlement 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 any other proceedings, except to the extent necessary to effectuate or enforce the terms and conditions of this Settlement Agreement. This Settlement does not preclude the Parties from taking other positions in any other proceeding but is conclusive in this proceeding and may not be reasserted in any other proceeding or forum except for the limited purpose of enforcing the Settlement by a Party.

47. The terms and conditions of this Settlement Agreement represent reasonably negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.


WHEREFORE, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and Columbia Gas of Pennsylvania, Inc. respectfully request that the Commission issue an Order approving the terms of this Settlement Agreement in their entirety, without modification, as being in the public interest.

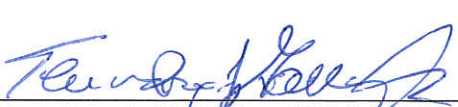
[Signature Page to Follow]

Respectfully Submitted,

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

Columbia Gas of Pennsylvania, Inc.

By: 
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Prosecutor
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Pennsylvania, Inc.*

Date: August 9, 2024

Date: August 9, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
 :
v. : Docket No. C-2023-3043425
 :
Columbia Gas of Pennsylvania, Inc. :

**JOINT STIPULATION OF FACTS
IN SUPPORT OF SETTLEMENT**

Pursuant to 52 Pa. Code § 5.232(a), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Columbia Gas of Pennsylvania, Inc. (“Columbia Gas” or “Company”), by their undersigned attorneys, agree and stipulate to the following facts for the sole purpose of supporting the approval of the Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) in the above-captioned matter.

I&E and Columbia Gas have entered into the Settlement, which they recognize is a compromise of disputed claims. I&E also recognizes that the Settlement is entered into without admission of wrongdoing or liability by Columbia Gas. As stated in Paragraph 32 of the Settlement, had this matter been fully litigated rather than resolved through this Settlement, Columbia Gas would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations.

STIPULATION OF FACTS

A. Overview of Columbia Gas

1. Columbia Gas is the fifth largest natural gas distribution company in Pennsylvania.

2. On or about December 7, 2012, Columbia Gas filed its Initial Long Term Infrastructure Improvement Plan (“LTIIIP”) with the Commission at Docket No. P-2012-2338282. Columbia Gas claimed that it was experiencing an increasing number of leaks in the areas with high concentration of aging pipe, noting that 85% of all leakage that occurs annually on mains were a result of corrosion on first generation mains and service lines. Columbia Gas stated that bare steel and cast iron mains are 16 times more likely to experience leakage than plastic or cathodically protected mains, and anticipated replacing or retiring 106 miles of pipe per year from 2013 through 2017.

3. On or about May 5, 2017, Columbia Gas filed its Second Long Term Infrastructure Improvement Plan at Docket No. P-2017-2602917. Columbia Gas reported replacing or retiring 37% of the total amount of cast iron and bare steel from the time period of 2007 to December 31, 2016, representing a reduction of over 800 miles of bare steel and cast iron mains. Columbia Gas anticipated replacing approximately 682 miles of main from 2017 through 2022. It further noted that the first generation of plastic pipe installed prior to 1982 were being retired or replaced contemporaneously with the bare steel and cast iron facilities to which these facilities were adjacent.

4. As of December 31, 2020, approximately 4,898 miles of Columbia Gas’s approximately 7,700 miles of mains, or 64%, was comprised of plastic main.

5. The 2020 PHMSA Annual Report requires operators to report leaks based on cause. Overall, Columbia Gas reported 1,876 leaks on mains, 277 of which were considered hazardous leaks. For the leak cause category of excavation damage and pipe, weld, or joint failure, Columbia reported 196 leaks on mains, 110 of which were considered hazardous.

B. The Distribution System in Rimersburg

6. The distribution system at Chestnut Street in Rimersburg consisted of a 2-inch plastic main (installed in 1982) running parallel to a 3-inch bare steel main (installed in 1934). These two mains run along the entire length of Chestnut Street and were part of two different pressure systems.

7. The plastic main was part of a medium-pressure system.

8. The bare steel main was part of a low-pressure system.

9. The three most recent leak surveys completed at Chestnut Street prior to the incident occurred in 2018, 2019, and 2020. The surveys in 2018 and 2020 covered the 3-inch distribution bare steel main and the 2019 survey covered the 2-inch distribution plastic main.

10. In reviewing the repairs made at the facilities at Chestnut Street, Pipeline Safety noted that several repairs were completed on the 2-inch plastic main, including three (3) documented leak repairs. The most recent leak repair prior to the October 29, 2020 explosion took place on March 6, 2020, where Columbia Gas repaired the butt fusion on the main where the mainline turns into a company service line.

C. Events Prior to the Day of the Incident

11. Columbia Gas recorded eight (8) reports of gas odor from customers living on Chestnut Street from a period of 2015-2020. The reports recorded on March 6, 2020 and October 29, 2020 included confirmed leaks on Columbia Gas facilities and involved the 2-inch plastic main.

12. On the northwest corner of the property at 448 Chestnut Street, a dirt strip with no grass was observed on the day of the explosion. Pipeline Safety interviewed the homeowner of the residence and was advised that water/sewer line work was performed shortly after she moved into the home. The homeowner believed this work occurred in the spring of 2019.

13. Pipeline Safety confirmed that water/sewer line work was completed in the spring of 2019 upon a search of the requests made through the Pennsylvania One Call System, Inc.

D. Chronology of Events on the Day of the Incident

14. On October 29, 2020, at approximately 8:03 a.m., an explosion occurred at 448 Chestnut Street.

15. A neighbor called 911 while the Rimersburg Fire Chief, who lived nearby, responded promptly to the scene and entered the house shortly after the explosion occurred. The Rimersburg Fire Chief saw a small fire in the one corner of the basement and verified that no one was inside the house at the time of the explosion.

16. At 8:25 a.m., the Rimersburg Fire Department began evacuating residents near the explosion site. Approximately nineteen (19) residents were evacuated.

17. At approximately 8:41 a.m., a Columbia Gas technician arrived at the site of the explosion. The technician confirmed the smell of gas at the site as well as gas readings in the sewer near the site. The Columbia Integration Center was notified and subsequently dispatched employees.

18. At approximately 8:55 a.m., West Penn Power shut off electric service to the area.

19. Shortly after 9:00 a.m., Columbia Gas notified Pipeline Safety of the explosion. Pipeline Safety sent two inspectors to investigate.

20. At 9:23 a.m., a Columbia Gas technician located the potential source for the leak after hand digging in the area. The gas flow feeding the potential leak on the main was stopped at approximately 10:03 a.m. Six (6) homeowners were affected by the stoppage and had gas service curtailed.

21. Columbia Gas conducted its first odorant check at 314 Chestnut Street at 10:45 am.

22. Due to gas readings in the sewer lines, Columbia Gas personnel purged gas from the ground near the presumed leak and began conducting leakage surveys near the incident site and surrounding areas.

23. Electric service was restored to the areas outside the affected area at 11:50 a.m. and all electrical services were restored by 5:38 p.m.

24. Gas service was restored to all affected customers by 11:06 p.m.

25. The explosion at 448 Chestnut Street resulted in no fatalities or injuries.

26. While the residence at 448 Chestnut Street was still standing after the explosion, there was significant structural damage to the home. The residence was determined to be a total loss, and the overall estimated damage, including to Columbia Gas' property, was \$213,000.00.

E. Investigation and Excavation

27. Pipeline Safety arrived at the scene of the explosion shortly after the incident occurred on October 29, 2020.

28. Pipeline Safety requested that Columbia Gas test the 1-inch plastic service line installed in 1982 which serviced 448 Chestnut Street and was located at the front right (southwest) portion of the home.

29. Crews excavated the area near the sidewalk, cut the service line, and filled the line with air to pressurize it.

30. The pressure test began at 12:10 p.m. on October 29, 2020 and concluded at 12:25 p.m. No loss in pressure was indicated.

31. At approximately 2:15 p.m. on October 29, 2020, Columbia Gas began excavating the area where the leak was found. As the crew excavated, hand shoveled, and used a dig bar to expose the pipe, Pipeline Safety observed a bending shape and some deflection in the 2-inch plastic main.

32. Pipeline Safety also observed a large rock or chunk of excess concrete resting on top of the main line near a butt fusion joint. The rock (or chunk of concrete) was carefully removed and placed to the side for future analysis.

33. The excavation continued and, at approximately 3:00 p.m., the excavation area extended to the water valve which connected to piping that went inside the basement of 448 Chestnut Street. At this location, the backfill material encompassing the main line pipe appeared to be #57 crushed stone instead of fine grained, debris free material. A portion of this crushed stone was removed and placed in a sample bag for future analysis. At this time, approximately eight (8) feet of the main line distribution piping was exposed and there was a large, noticeable bend/deflection in the pipe.

34. Pipeline Safety requested that Columbia extend the area of excavation past the water valve to verify no further damage occurred due to the water/sewer line work that occurred in this area in the spring of 2019.

35. At approximately 6:30 p.m., a 12-foot section of the pipe was cut at both ends by using a hand pipe cutter and then carefully removed from the ditch. The cut section of pipe became the responsibility of the independent incident investigator and was stored in a secured location until testing could be conducted.

36. Pipeline Safety determined that the source of the gas that ignited and caused the explosion came from a failed butt fusion on the 2-inch plastic main in front of 448 Chestnut Street. The primary cause of the natural gas leak was a failed butt fusion.

37. The amount of natural gas necessary to migrate into the home to cause an explosion of this magnitude was made possible by the diameter of the plastic main, the relative proximity of the failed butt fusion to the home at 448 Chestnut Street, the medium operating pressure of the main, and the multiple points of entry for gas to enter at the foundation of the home.

F. Post Incident

38. On November 11, 2020, Columbia Gas personnel and investigators met at the incident site to test the service line and to perform additional site investigations.

39. Pipeline Safety observed the customer service line and indoor gas line testing. The line was tested at 7 inches of water column and revealed a very small leak. The leak was negligible and not likely the source of the gas which caused the explosion.

40. The service line was then pressurized with the appliance valves closed. When the appliance valves were opened there was no significant decrease in pressure. The gas appliances at the home included a hot water tank, a furnace, and a gas range.

41. Pipeline Safety then observed the excavation of the water and sewer lines at the foundation of the home, which is believed to be the site of ignition inside the home. They observed multiple holes in the foundation of the home and a void in the grouting of the sewer and water lines which provided multiple points of entry for gas into the home.

42. Excavation continued to the street tee of the sewer lateral and main connection where the gas, water, and sewer lines were exposed. The sewer line was located approximately three (3) feet below the gas line. It was also determined that the water line was located approximately two (2) feet beneath the gas line.

43. Columbia Gas began the installation of the new plastic main in the vicinity of the incident site on January 8, 2021. Columbia Gas abandoned the existing 2-inch medium pressure plastic and 3-inch low pressure bare steel mains and installed a 4-inch medium pressure main. The installation and construction was completed by spring of 2021.

G. Laboratory Analysis

44. On November 12, 2020, pursuant to 49 CFR § 192.617, Pipeline Safety issued a letter directing Columbia Gas to send the 12-foot section of the 2-inch plastic pipe that contained the leak which was excavated on the day of the incident for testing.

45. Pipeline Safety directed Columbia Gas to provide three (3) copies of the unredacted written report of the laboratory analysis.

46. The 12-foot section of the 2-inch plastic pipe was stored briefly by Columbia Gas at its facilities in Emlenton. The pipe was later transported by an independent investigator to S-E-A, Ltd. (“S-E-A”) to their facilities for safe storage and future testing.

47. S-E-A was retained to perform a thorough evaluation of the pipeline section and to determine the cause of the failure.

48. The 12-foot section of the 2-inch plastic pipe was evaluated by S-E-A on March 21, 2021. The pipeline section was confirmed to be Plexco gas pipe P567KA28 03-31-82, 2-inch IPS SDR-11, Gas Pipe, SDR PE-2306 CD ASTM D2513. With no objections from Pipeline Safety or Columbia Gas, the butt fusion was then separated and the S-E-A laboratory conducted a complete microscopy of the fusion surface.

49. S-E-A determined that the butt fusion on the 2-inch plastic pipe failed. A fusion with more white regions/tearing indicates a quality fusion. The pipe was fractured to cause stress whiteness or tearing of about 30% on the circumference of the pipe. The fusion also did not have the required intermixing of materials, with only 5% of commingling of materials being present.

50. Neither S-E-A nor Columbia Gas provided a written lab report to Pipeline Safety as directed in the November 12, 2020 letter. Rather, Columbia Gas initially provided Pipeline Safety with a verbal summary of the laboratory analysis and provided responses to I&E's Data Requests.

51. Columbia Gas has previously requested and received a written lab report when engaging with an independent lab for testing and analysis.

H. Columbia Gas Procedures

52. Columbia Gas Standards provide that a failure or accident resulting in or involved with a U.S. Department of Transportation ("DOT") reportable incident shall require a detailed investigation which includes determining the cause of the failure or accident.

53. Columbia Gas Standards define a failure as ordinary deficiencies in material design, construction, operation, and maintenance on or to in-service pipelines and an accident as unexpected and undesirable events occurring on or to in-service pipelines.

54. Columbia Gas Standards state that a Facility Failure Report shall be completed to document a facility failure.

55. Columbia Gas Standards state that a facility failure includes ordinary deficiencies in material design, construction, operation, and maintenance associated with an in-service pipeline.

56. Columbia Gas Standards provide that a facility failure shall be referred to a Facility Failure Investigator who will perform and document the investigation. The

Facility Failure Investigator may engage third-party laboratories or experts if the in-service failure may have been the result of a cracked welds or fusion joint.

57. As a result of the October 29, 2020 explosion, a Facility Failure Report was generated by Columbia Gas personnel and assigned to a Facility Failure Investigator for completion. The Facility Failure Report was marked closed on January 18, 2021 as part of Columbia Gas's year-end close out process. Pipe data in the Facility Failure Report was recorded as unknown as the laboratory analysis had not yet been completed.

58. Columbia Gas Standards indicate that the use of "other" or "unknown" shall be avoided where the requested information may be obtained from the failed material itself or other applicable company records.

59. In or around November 2021, Pipeline Safety asked Columbia Gas if the Facility Failure Report was going to be re-opened and updated in light of the March 21, 2021 S-E-A lab analysis. Columbia Gas stated that it did not intend to re-open the Facility Failure Report.

60. The missing or inaccurate information on the Facility Failure Report could impact Columbia Gas's Distribution Integrity Management Program ("DIMP") processes or risk rankings analysis and effectively show a lower risk on the company's system than what actually exists.

61. DIMP ranking guides are one of the factors that are considered in the assessment of risk that drives Columbia Gas's pipeline replacement.

62. The work performed by the third-party excavator and potential damage is noted in several Columbia Gas documents, including the Facility Failure Report.

Specifically, the Facility Failure Report provides “extra tension from prior sewer and water excavation.” However, based upon the laboratory findings of S-E-A, there is no evidence that third party damage contributed to the incident.

63. The assumption that third party damage contributed to the incident could impact Columbia Gas’s DIMP processes or risk rankings analysis, and effectively lower the risk of the company’s system.

64. Utilizing Columbia Gas Standard GS Form 1708.100-1 in the March 6, 2020 leaking butt fusion, Columbia Gas stated that it found two (2) butt fusions leaking where the main line turned into the service line, that it cut the leaking fuse and made a repair, and that no leakage was noted after the repair. The leak cause code was documented as DB5104.

65. Columbia Gas’s reference guide for leakage repair records and a description of codes used to document leak causes, indicates that leak cause code for “DB” is frost, “51” is for body of pipe, and “04” is for plastic/plastic insert.

66. Based on the information Pipeline Safety gathered through its investigation, the leak cause code was documented incorrectly, and thus Columbia Gas failed to identify defective fusion joints.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
 :
v. : Docket No. C-2023-3043425
 :
Columbia Gas of Pennsylvania, Inc. :

**JOINT PROPOSED CONCLUSIONS OF LAW AND
ORDERING PARAGRAPHS**

A. Proposed Conclusions of Law

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. § 701.

2. Columbia Gas is a “public utility” as that term is defined at 66 Pa.C.S. § 102, as it is engaged in providing public utility service as a natural gas distribution company (“NGDC”) to the public for compensation.

3. Columbia Gas, in providing natural gas distribution service to the public for compensation, is subject to the power and authority of this Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission regulations and orders, including Federal pipeline safety laws and regulations.

4. Pursuant to Section 59.33(b) of the Commission’s regulations, 52 Pa. Code § 59.33(b), I&E’s Pipeline Safety Division has the authority to enforce Federal pipeline

safety laws and regulations set forth in 49 U.S.C.A. §§ 60101-60503 and as implemented at 49 CFR Parts 191-193, 195 and 199. The Federal pipeline safety laws and regulations prescribe the minimum safety standards for all natural gas and hazardous liquid public utilities in the Commonwealth.

5. Section 3301(c) of the Code, 66 Pa.C.S. § 3301(c), which is specific to gas pipeline safety violations, authorizes the Commission to impose civil penalties on any person or corporation, defined as a public utility, who violates any provisions of the Code or any regulation or order issued thereunder governing the safety of pipeline or conduit facilities in the transportation of natural gas, flammable gas, or gas which is toxic or corrosive.

6. Section 3301(c) further provides that a civil penalty of up to Two Hundred Thousand Dollars (\$200,000) per violation for each day that the violation persists may be imposed, except that for any related series of violations, the maximum civil penalty shall not exceed Two Million Dollars (\$2,000,000) or the penalty amount provided under Federal pipeline safety laws whichever is greater.

7. The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), on July 31, 2019, revised the maximum civil penalty to Two Hundred Eighteen Thousand, Six Hundred Forty-Seven Dollars (\$218,647.00) for each violation for each day the violation continues, with a maximum penalty not to exceed Two Million, One Hundred Eighty-Six Thousand, Four Hundred Sixty-Five Dollars (\$2,186,465.00) for a related series of violations. 84 Fed. Reg. 37059 (July 31, 2019).

8. It is the policy of the Commission to encourage settlements. 52 Pa. Code § 5.231(a).

9. The Commission has adopted a policy statement which enumerates the standards that it uses to evaluate civil penalties. 52 Pa. Code § 69.1201.

10. The Joint Petition for Settlement submitted by I&E and Columbia Gas, including the \$700,000 civil penalty, is reasonable and in the public interest.

11. The Joint Petition for Settlement should be approved as submitted, without modification.

B. Proposed Ordering Paragraphs

1. That the Joint Settlement Petition filed on August 9, 2024 between the Commission’s Bureau of Investigation and Enforcement and Columbia Gas of Pennsylvania, Inc. is approved in its entirety without modification.

2. That, in accordance with Section 3301(c) of the Public Utility Code, 66 Pa.C.S. § 3301(c), within thirty (30) days of the date this Order becomes final, Columbia Gas of Pennsylvania, Inc. will pay a civil penalty of Seven Hundred Thousand Dollars (\$700,000.00). Said payment will be made by certified check or money order payable to “Commonwealth of Pennsylvania” and will be sent to:

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

3. That the civil penalty will not be tax deductible or passed through as an additional charge to Columbia Gas of Pennsylvania, Inc.'s customers in Pennsylvania.

4. That upon fulfillment of each non-monetary, remedial measure set forth in Paragraph 36 of the Joint Petition for Settlement, Columbia Gas of Pennsylvania, Inc. will file with the Commission a verification acknowledging compliance with each non-monetary remedial measure, pursuant to 52 Pa. Code § 5.591.

5. A copy of this Opinion and Order will be served upon the Financial and Assessment Chief, Bureau of Administration.

6. That upon receipt of the civil penalty and the verifications acknowledging that the non-monetary remedial measures set forth in Paragraph 36 of the Joint Petition for Settlement have been fulfilled the above-captioned matter shall be marked closed.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
v. : Docket No. C-2023-3043425
Columbia Gas of Pennsylvania, Inc. :

**THE BUREAU OF INVESTIGATION AND ENFORCEMENT’S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

TO ADMINISTRATIVE LAW JUDGE EMILY DEVOE:

Pursuant to 52 Pa. Code §§ 5.231, 5.232 and 69.1201, the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) Bureau of Investigation and Enforcement (“I&E”), a signatory party to the Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) filed in the matter docketed above, submits this Statement in Support of the Settlement Agreement between I&E and Columbia Gas of Pennsylvania, Inc. (“Columbia Gas,” “Respondent,” or “Company”).¹ I&E avers that the terms and conditions of the Settlement are just and reasonable and in the public interest for the reasons set forth herein.

¹ I&E and Columbia Gas are collectively referred to herein as the “Parties.”

I. Background

I&E’s Pipeline Safety Division conducted an in-depth investigation of a natural gas explosion that occurred on October 29, 2020, at 448 Chestnut Street, Rimersburg, Pennsylvania. The explosion resulted in no fatalities or injuries; however, approximately nineteen (19) residents within a two-block radius of the explosion were evacuated and the explosion caused significant structural damage to 448 Chestnut Street, resulting in approximately \$213,000 in property damage. The results of the investigation formed the basis for the allegations set forth in I&E’s Formal Complaint (“Complaint”), which was filed on October 5, 2023.

The crux of I&E’s Complaint alleged that Columbia Gas failed to properly heat-fuse the plastic pipe joints on the 2-inch plastic main that serviced 448 Chestnut Street, failed to identify defective fusion joints, did not adequately train its personnel on procedures related to documentation of prior confirmed leaks on Columbia Gas facilities, failed to adequately and accurately complete a Facility Failure Report, and failed to provide copies of S-E-A, Ltd.’s testing and laboratory, in contradiction of Pipeline Safety’s directive, all of which created an ongoing, unsafe, and hazardous condition in violation of Section 1501 of the Public Utility Code (“Code”), 66 Pa.C.S. § 1501 (requiring a public utility to “furnish and maintain adequate, efficient, safe, and reasonable service and facilities” and to “make all such repairs, changes, . . . and improvements in or to such service and facilities” for the “safety of its patrons, employees, and the public” and requiring that such service and facilities “be in conformity with the regulations and orders of the Commission”). In addition to alleging

violations of Section 1501 of the Code, I&E's Complaint alleged the following specific violations of the Public Utility Code, Pennsylvania Code, and Code of Federal

Regulations at:

- a. 49 CFR § 192.281(c) (Plastic Pipe- Heat-fusion Joints) and 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies) in that Columbia Gas failed to properly heat-fuse plastic pipe joints on the main as part of the construction project in 1982 and did not have the required intermixing of materials;
- b. 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 CFR § 192.617 (Investigation of failures), 49 CFR § 192.805(h) (Qualification program), and 49 CFR § 192.1007(a)(1)(2)(3) (Required elements of an integrity management plan) in that Columbia Gas failed to identify defective fusion joints and did not adequately train its personnel on their Investigation of Failures and Leakage Control Records procedures in reference to the March 6, 2020 documentation;
- c. 49 CFR § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 CFR § 192.617 (Investigation of failures), and 49 CFR § 192.1007(a), (c), (d) (Required elements of an integrity management plan) in that Columbia Gas did not adequately or accurately complete a Facility Failure Report by failing to update its Facility Failure Report with the findings from S-E-A's laboratory analysis;
- d. 49 CFR § 190.203(e) (Inspections and investigations), 49 CFR § 192.617 (Investigation of failures), 66 Pa.C.S. § 505 (Duty to furnish information to commission; cooperation in valuing property.), and 52 Pa. Code § 59.33 (Safety) in that Columbia Gas failed to follow Pipeline Safety's directive in the November 12, 2020 letter when it failed to provide three (3) unredacted copies of the written report after S-E-A, Ltd. completed its testing and laboratory analysis.

I&E's Complaint sought relief in the form of a civil penalty of \$1,600,000.00, as well as a number of corrective measures designed to improve quality control, record keeping, training, and updates to Columbia Gas's procedures and Distribution Integrity Management Program ("DIMP").

On October 16, 2023, Columbia Gas, filed an Unopposed Motion for Extension of Time to File an Answer, which was granted on October 17, 2023. On November 14, 2023, Columbia Gas filed an Answer to I&E’s Complaint. In its Answer, Columbia Gas denied all material allegations of fact and denied that the Bureau of Investigation and Enforcement was entitled to relief.

By notice dated November 15, 2023, this matter was scheduled for an Initial Telephonic Hearing on January 4, 2024 before Administrative Law Judge (“ALJ”) Emily DeVoe. By Order dated November 20, 2023 the Initial Telephonic Hearing was converted to a Prehearing Conference. On January 3, 2024, both I&E and Columbia filed prehearing conference memoranda. By notice dated January 3, 2024, the January 4, 2024 Prehearing Conference was cancelled to allow for settlement discussions.

By Interim Orders entered between February and June of 2024, the Parties were directed to submit, via email, status reports each month. During this time period, the Parties reported that settlement discussions were ongoing and progressing. On July 26, 2024, the Parties reported that a settlement had been reached.

On August 9, 2024, the Parties filed a Joint Petition for Approval of Settlement in the instant matter resolving all issues between I&E and Columbia Gas. This Statement in Support is submitted in conjunction with this Settlement Agreement.

II. The Public Interest

Pursuant to the Commission’s policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. These discussions culminated in this Settlement Agreement, which, once approved, will

resolve all issues related to I&E's Formal Complaint proceeding. Columbia Gas has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist Columbia Gas in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process.

The Settlement, if approved, will provide substantial public benefits including improved training of field personnel and supervisory staff, improvement to its DIMP, expansion of its DIMP risk assessment, implementation of a geographic information system ("GIS"), and accelerated action and replacement of vintage plastic pipe.

I&E intended to prove the factual allegations set forth in its Formal Complaint at hearing and which Columbia Gas would have disputed. This Settlement Agreement results from the compromises of the Parties. I&E recognizes that, given the inherent unpredictability of the outcome of a contested proceeding, the benefits to amicably resolving the disputed issues through settlement outweigh the risks and expenditures of litigation. I&E submits that the Settlement constitutes a reasonable compromise of the issues presented and is in the public interest as it provides for a number of relevant corrective measures, as well as a substantial civil penalty. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

III. Terms of Settlement

Under the terms of the Settlement Agreement, I&E and Columbia Gas have agreed to a substantial civil penalty and extensive remedial measures which enhance safety and directly respond to the allegations raised in the Formal Complaint. In an effort to not

repeat verbatim the pages of remedial and safety measures outlined in the Joint Petition, the main categories are as follows:

1. Columbia Gas will pay a civil penalty of Seven Hundred Thousand Dollars \$700,000, which will not be tax deductible or recovered in any future rate making proceeding (Paragraph 36(A));
2. Columbia Gas will require a written laboratory report and/or detailed root cause analysis for any DOT reportable incident or event (Paragraph 36(C));
3. Columbia Gas will revise and/or modify its DIMP to incorporate a granular breakdown and analysis of vintage plastic pipe manufactured during, at a minimum, the time period of 1970 through December 31, 1982 (Paragraph 36(D));
4. Columbia Gas will expand its DIMP risk assessment to include an evaluation of data from testing and reporting for all failures involving vintage plastic pipe (Paragraph 36(E));
5. Columbia Gas will implement and incorporate a GIS based software program that allows for further data capture of information relevant to expansion of its DIMP risk assessment (Paragraph 36(F));
6. Columbia Gas will add an accelerated action to analyze quarterly open and closed leaks suspected or confirmed to be on vintage plastic (Paragraph 36(G));
7. Columbia Gas will consider and begin accelerating the replacement of vintage plastic pipe (Paragraph 36(H));
8. Columbia Gas will have a Gas Standards Engineer review all Facility Failure Reports (“FFR”) and Columbia Gas will, at a minimum, follow all of its FFR procedures when legal is involved (Paragraph 36(I));
9. Columbia Gas will provide additional training for field personnel and supervisory staff on adequately documenting leakage control records (Paragraph 36(J)); and
10. Columbia Gas will supplement the FFR for this incident to reflect the S-E-A, Ltd. laboratory report and findings (Paragraph 36(K)).

In consideration of Columbia Gas’s payment of a civil penalty and numerous remedial measures, I&E agrees that it has released Columbia Gas from all past claims that were or could have been made for monetary and/or other relief based on allegations associated with the October 29, 2020 natural gas explosion at 448 Chestnut Street, Rimersburg, Pennsylvania.

IV. Legal Standard for Settlement Agreements

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the Parties must expend on litigating a case and conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. “The focus of 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. Pub. Util. Comm’n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. Philadelphia Gas Works*, Docket No. M- 00031768 (Order entered January 7, 2004).

I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission’s Policy Statement regarding *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility 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 (10) 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.

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 first factor considers whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty while conduct that is less egregious warrants a lower amount. 52 Pa. Code § 69.1201(c)(1). I&E submits that the conduct alleged in the Complaint does not rise to the level of willful fraud or misrepresentation, but is of a more serious nature than a mere administrative error. I&E alleges that Columbia Gas's conduct includes the following: (1) failure to properly heat-fuse the plastic pipe joints on the 2-inch plastic main that serviced 448 Chestnut Street; (2) failure to identify defective fusion joints; (3) failure to adequately train personnel on procedures related to documentation of prior confirmed leaks; (4) failure to adequately and accurately complete a facility failure report; (5) failure to provide copies of S-E-A, Ltd.'s testing and laboratory report, in contradiction of Pipeline Safety's directive; and (6) the aforementioned failures created

an unsafe and hazardous condition and the occurrence of a pipeline failure and natural gas explosion at 448 Chestnut Street, Rimersburg, Pennsylvania.

I&E submits that any conduct involving the fusion and installation of plastic natural gas pipelines should be taken seriously due to the inherent danger involved if such pipelines should leak, rupture, or otherwise fail, as evidenced by the instant gas explosion. Further, the actions and inactions of Columbia Gas described above constitute conduct that placed the public safety at risk, and therefore, I&E submits that the civil penalty is warranted in this case.

The seriousness of the conduct at issue is addressed in the costly and extensive, corrective measures that the Company has already taken and will take, as well as the payment of the agreed-upon civil penalty.

The second factor considers whether the resulting consequences of Columbia Gas's alleged conduct 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. 52 Pa. Code § 69.1201(c)(2). In this case, there were no fatalities or injuries; however, the explosion resulted in the evacuations of nineteen (19) residents within a two-block radius of the explosion and the total loss of 448 Chestnut Street, which is estimated to be \$213,000. As I&E has alleged, Columbia Gas's failure to properly heat-fuse the plastic pipe, failure to identify defective fusion joints, and the failure to adequately train personnel on procedures related to documentation of prior confirmed leaks on Columbia Gas facilities, resulted in a pipeline failure, gas explosion, property damage, and a threat to public safety.

The agreed-upon civil penalty and remedial measures of the Settlement acknowledge that serious consequences occurred and are designed to further enhance the safety of Columbia Gas's service and facilities, especially as it pertains to the construction and installation of plastic pipe fusions and the identification and replacement of vulnerable vintage plastic pipe fusions.

The third factor to be considered under the Policy Statement is whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). "This factor may only be considered in evaluating litigated cases." *Id.* Whether Columbia Gas's alleged conduct was intentional or negligent does not apply since this matter is being resolved by settlement of the Parties.

The fourth factor to be considered is whether Columbia Gas has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). In response to the October 29, 2020 incident, Columbia Gas has engaged in appropriate measures to correct the conduct at issue and prevent similar future conduct. Columbia Gas has taken and agrees to take further remedial action. A comprehensive list of the remedial actions that Columbia Gas has taken and agreed to undertake is outlined in the Settlement Agreement at Paragraph 36. Some of the more significant remedial actions include, but are not limited to: (1) improving its Distribution Integrity Management Program ("DIMP"); (2) expanding its DIMP risk assessment to include an evaluation of data from testing and reporting for all failures involving vintage plastic pipe; (3) implementing a geographic information system ("GIS"); (4) adding an accelerated action to analyze quarterly open and closed leaks suspected or confirmed to

be on vintage plastic; (5) engaging in an accelerated replacement of vintage plastic pipe; and (6) providing additional training for field personnel and supervisory staff on adequately documenting leakage control records.

Each of the remedial actions and commitments described at Paragraph 36 of the Settlement Agreement, address the alleged conduct at issue and are designed to prevent a similar incident from occurring again. Notably, these actions will place Columbia Gas in a better position to oversee the construction and maintenance of its facilities, improve its quality control, and reduce risk in its existing and future facilities. The remedial actions demonstrate that Columbia Gas is taking appropriate actions to enhance the safety of its distribution system, improve the reliability of its operations, and prevent similar occurrences in the future. These improvements will provide a significant benefit to public safety.

The fifth factor to be considered relates to the number of customers affected by the Company's actions and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). In this matter relatively few customers were affected, and they were only affected for a short period of time. The incident resulted in the evacuation of nineteen (19) residents within a two-block radius of the explosion and destruction of one residence.

The sixth factor to be considered relates to the compliance history of Columbia Gas. 52 Pa. Code § 69.1201(c)(6). An isolated incident from an otherwise compliant company may result in a lower penalty, whereas frequent, recurrent violations by a company may result in a higher penalty. *Id.* Columbia Gas has had a recent history of compliance issues in the preceding 10 year time period. In that time span, there were four

significant settlements entered into based on Columbia Gas's failure to follow the Code, Commission regulations, and/or the Code of Federal Regulations. It should be noted, as discussed below, the prior history mainly involved issues of over pressurization, an issue not present in the instant matter.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2014-2306076 (Order entered December 18, 2014) Columbia Gas paid a civil penalty in the amount of \$200,000 in connection with nine separate incidents investigated by I&E. I&E's investigations determined that the conduct of Columbia Gas included the following: (1) failure to check and service valves at the required regulatory intervals; (2) six instances of pipelines operating at pressures exceeding the maximum allowable operating pressure; (3) lack of pressure regulation devices to prevent accidental overpressuring; and (4) excavation damage of a pipeline due to failure to provide temporary marking of buried pipeline in the excavation area and related failures of personnel responding to the location request. The Commission modified the proposed settlement agreement between Columbia Gas and I&E to raise the civil penalty amount from \$110,000.00 to \$200,000.00.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2016-2378672 (Order entered December 7, 2017), a settlement between I&E and Columbia Gas arose following two separate incidents of contractor employee injuries in 2013. The first incident occurred due to failure to warn a contractor employee reconnecting two pipeline segments that the section was still under pressure from an earlier test, resulting in the employee suffering a severe leg injury. The second incident involved a contractor

employee who sustained injuries to his foot and ankle while working at the receiving end of a pigging operation. I&E investigations led to allegations that during both incidents Columbia Gas and its contractor failed to exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected. The Commission approved a settlement agreement wherein Columbia Gas agreed to pay a civil penalty amount of \$50,000.00 as a result of these serious employee safety-related incidents.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2022-3012079 (Order entered August 3, 2023), Columbia Gas entered into a settlement agreement, in which, it agreed to pay a civil penalty of Nine-Hundred Ninety Thousand Dollars (\$990,000) following a natural gas explosion that caused injuries to four individuals and significant property damage. In this matter, I&E alleged that Columbia Gas was involved in a project to install a new main to increase or uprate the pressure of the existing main. I&E alleged that Columbia Gas failed to include the residence at 100 Park Lane on the Company's maps for the project, which led to the over pressurization of the house piping and appliances since the service line to the 100 Park Lane residence was not equipped with a service regulator at the time of the incremental pressure uprating. The source of the gas was determined to be leaks occurring around the gas appliances in the residence.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2021-3005572 (Order entered August 24, 2023), Columbia Gas entered into a settlement agreement, in which, it agreed to pay a civil penalty of Five-Hundred Thirty-Five Thousand Dollars (\$535,000) following allegations of overpressure events. In this matter,

I&E alleged overpressure events at two locations, one of which occurred over a course of twenty-six (26) days from May 16, 2018 to June, 12, 2018, at the Company's Rimersburg System and the other occurred over a course of four (4) days at the Company's distribution system in Fayetteville, Pennsylvania. I&E concluded that both of these incidents occurred due to inadequate use and maintenance of bypass valves, and the 22 subsequent leak of gas from such bypass valves causing the systems to overpressurize. No individual was harmed during the overpressure events, nor did any customer property damage occur as a result of those events.

The seventh factor to be considered relates to whether the Company cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7). "Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty." *Id.* As alleged in the I&E's Complaint, Columbia Gas failed to provide three (3) unredacted copies of the written report produced by S-E-A, Ltd. upon completion of its testing and laboratory analysis, after having been directed Pipeline Safety to produce said report. Additionally, I&E's Complaint alleged that Columbia Gas refused to supplement its Facility Failure Report with the findings of the SEA, Ltd. report. In the Settlement, Columbia Gas has agreed to actions to correct this conduct. In particular, Columbia Gas has agreed as follows: (1) Columbia Gas will require a written laboratory report and/or detailed root cause analysis for any DOT reportable incident or event, including failed facilities or equipment, and upon request of I&E's Pipeline Safety for other failures (Paragraph 36(C)); (2) Columbia Gas will have a Gas Standards Engineer review all Facility Failure Reports ("FFR") and Columbia Gas's

legal counsel may direct additional steps or procedures, but, at a minimum, Columbia Gas will follow all of its FFR procedures when legal counsel is involved (Paragraph 36(I)); and (3) Columbia Gas will supplement the FFR to reflect the findings of the S-E-A, Ltd. report (Paragraph 36(K)). Since the filing of the Complaint, Columbia Gas has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist Columbia Gas in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process.

The eighth factor to be considered is the appropriate settlement amount necessary to deter future violations. 52 Pa. Code § 69.1201(c)(8). I&E submits that given the nature of Columbia Gas's conduct and the nature of the resulting consequences, a civil penalty amount of \$700,000.00, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty payment in this case. I&E further submits that the monetary cost of Columbia Gas's performance of all of the remedial measures is sufficient to deter Columbia Gas from committing future violations.

The ninth factor to be considered relates to past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(9). I&E submits that the instant Settlement provides comparable or even superior relief to prior enforcement matters involving similar pipeline safety violations. The instant Settlement Agreement should be viewed on its own merits and is fair and reasonable. However, in looking at the relevant factors that are comparable to other pipeline matters involving pipeline safety violations that resulted in serious consequences, the instant Settlement is consistent with past Commission actions,

in that a substantial civil penalty will be paid and numerous, valuable corrective actions to address the alleged violations will be or have been performed.

The tenth factor considers “other relevant factors.” 52 Pa. Code § 69.1201(c)(10). I&E submits that an additional relevant factor – whether the case was settled or litigated – is of pivotal importance to this Settlement Agreement. A settlement avoids the necessity for the governmental 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 while allowing the Parties to move forward and to focus on implementing the agreed upon remedial actions and enhancing public safety.

In conclusion, I&E fully supports the terms and conditions of the Settlement Agreement. The terms of the Settlement Agreement reflect a carefully balanced compromise of the interests of the Parties in this proceeding. The Parties believe that approval of this Settlement Agreement is in the public interest. Acceptance of this Settlement Agreement in its entirety avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the Parties.

WHEREFORE, I&E supports the Settlement Agreement as being in the public interest and respectfully requests that the Commission approve the Settlement in its entirety without modification.

Respectfully submitted,



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Dated: August 9, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Bureau of Investigation and Enforcement,	:	
	:	
v.	:	Docket No. C-2023-3043425
	:	
Columbia Gas of Pennsylvania, Inc.,	:	

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

Columbia Gas of Pennsylvania, Inc. (“Columbia Gas” or “the Company”), by and through its counsel, hereby respectfully submits its Statement in Support of the Settlement Agreement submitted in the captioned proceeding. The terms and conditions of the Settlement Agreement are in the public interest and represent a fair, just, reasonable, and equitable resolution of the matters described therein. Approval of the Settlement Agreement is consistent with the Commission’s *Policy Statement for Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations*, 52 Pa. Code § 69.1201.

Columbia Gas and the Commission’s Bureau of Investigation and Enforcement (“I&E”)(Columbia Gas and I&E referred to collectively as “the Parties”) engaged in extensive exchange of information and negotiation and, as a result, I&E and the Company have agreed upon the terms embodied in the Settlement Agreement. Columbia Gas submits that the Settlement Agreement is in the public interest, as supported by the following factors:

I. BACKGROUND

1. As described in the Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”), this Settlement resolves a Formal Complaint filed by I&E relating to an explosion that occurred on October 29, 2020 at 448 Chestnut Street in Rimersburg, Pennsylvania.

2. I&E and other bureaus with enforcement authority are the entities established by statute to initiate proceedings against public utilities that are prosecutory in nature. (*Delegation of Prosecutory Authority to Bureaus with Enforcement Responsibilities*, M-00940593, Order entered September 2, 1994), as amended by Act 129 of 2008, 66 Pa.C.S.A § 308.2(a)(11). Moreover, pursuant to Section 59.33(b) of the Commission's regulations, 52 Pa. Code § 59.33(b), I&E's Safety Division has the authority to enforce Federal pipeline safety laws and regulations set forth in 49 U.S.C.A. §§ 60101-60503 and as implemented at 49 CFR Parts 191-193, 195 and 199.

3. Columbia Gas has its principal place of business located in Canonsburg, Pennsylvania and at all times relevant to this proceeding was a public utility, as defined by 66 Pa.C.S. § 102, engaged in providing natural gas service to the public for compensation.

II. PARTIES' POSITIONS

4. The averments of I&E contained in the Settlement Agreement were formulated without the benefit of a hearing and certain averments are or may be disputed by Columbia Gas. As stated in Paragraph 32 of the Settlement, had this matter been fully litigated rather than resolved through this Settlement, Columbia Gas would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations.

5. The Parties' agreement to settle the matters described in I&E's averments was made without any admission or prejudice to any position that they might adopt during any subsequent administrative or court proceeding of whatever nature, including any necessary subsequent litigation of the issues addressed in the Settlement Agreement if this settlement is rejected by the Commission or otherwise properly withdrawn by either of the parties.

III. SETTLEMENT AGREEMENT

6. The parties to the Settlement Agreement have engaged in extensive and detailed discussions with respect to the allegations and defenses relating to each of the matters described in Paragraphs 17 through 22 of the Settlement Agreement. The purpose of this Settlement Agreement is to resolve these matters without litigation in a manner that minimizes concerns regarding future similar events.

7. Columbia Gas has been cooperative and pro-active in addressing the concerns identified in Paragraphs 11 through 17 and the alleged violations identified in Paragraph 30 of the Settlement Agreement.

8. Based upon the foregoing, under Paragraph 36 of the Settlement Agreement the parties have agreed to the entry of an Order directing as follows:

A. Civil Penalty:

Columbia Gas will pay a civil penalty in the amount of Seven Hundred Thousand Dollars (\$700,000.00) pursuant to 66 Pa.C.S. § 3301(c). Said payment will be made within thirty (30) days of the entry date of the Commission's Final Order approving the Settlement Agreement. ***

*** The civil penalty will not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f). Columbia Gas will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding.

B. Recovery of Costs to Implement:

Columbia Gas and I&E agree that any Settlement Agreement will not prohibit Columbia Gas from seeking recovery of the costs it has incurred or may incur to implement any actions taken since the occurrence of the incident.

C. Written Reports:

Columbia Gas will require a written laboratory report and/or detailed root cause analysis for any DOT reportable incident or event, including failed facilities or equipment, and upon request of I&E's Pipeline Safety for other failures.

D. Distribution Integrity Management Program (“DIMP”):

Consistent with the minimum requirements defined in 49 CFR 192.1007 (Required elements of an integrity management plan), Columbia Gas will revise and/or modify its Distribution Integrity Management Program (“DIMP”) to incorporate a granular breakdown and analysis of vintage plastic pipe manufactured during, at a minimum, the time period of 1970 through December 31, 1982 (hereinafter referred to as “vintage plastic pipe”). This granular breakdown will include the following information, to the extent the information is reasonably available and Columbia Gas will include the information gathered as an element of the continuing evaluation of its DIMP:

- i. Manufacturer, if known, or color of pipe;
- ii. Installation date;
- iii. Material;
- iv. Age; and
- v. All related or applicable advisory bulletins and incident history.

Revisions to this white paper will be initiated by new findings from NTSB final reports, PHMSA advisories, or NiSource incidents driven by failures on vintage plastic pipe, or every 3 years, not to exceed 39 months, at minimum.

E. DIMP Risk Assessment:

Columbia Gas will expand its DIMP risk assessment to include an evaluation of data from testing and reporting for all failures involving vintage plastic pipe, and from a visual inspection of all exposed vintage plastic pipe fusions that are found to be visually unacceptable. Consistent with its standards and procedures, Columbia will continue to test all vintage plastic pipe fusions that are found to be visually unacceptable. The reports will be made available to Pipeline Safety, upon request, and will include, at a minimum, the following information on the fusions, to the extent the information is reasonably available:

- i. GPS coordinates;
- ii. Backfill;
- iii. Pipe Material;
- iv. Fusion Type;
- v. Company, contractor, or individual who completed the fusion;
- vi. Results of a visual inspection of the fusion; and
- vii. Any other information the company deems necessary or appropriate.

F. Geographic Information System (“GIS”):

Columbia Gas will implement and incorporate a geographic information system (“GIS”) based software program that allows for further data capture of the information outlined in Paragraph “E” and additional relevant field data. Within nine (9) months of the date of entry of the Commission’s Final Order approving the

Settlement Agreement, Columbia Gas will provide Pipeline Safety an outline and project summary, with a timeline, detailing Columbia Gas's plan to implement the GIS based software program.

G. Accelerated Action:

For a period of (5) years after a Commission Order, Columbia Gas will add an accelerated action to analyze quarterly open and closed leaks suspected or confirmed to be on vintage plastic pipe, and to take appropriate action based on the analysis (e.g. supplemental surveys, accelerated leak repair, accelerated replacement schedule, etc.).

H. Accelerated Replacement of Vintage Plastic Pipe:

Columbia Gas will consider and begin accelerating the replacement of vintage plastic pipe, but such acceleration shall not impend or impose upon Columbia Gas's commitment to the accelerated removal of cast iron, wrought iron, bare steel, and unprotected coated steel in compliance with 49 CFR Part 192 Subpart P Gas Distribution Pipeline Integrity Management and Columbia Gas's Third Long-Term Infrastructure Improvement Plan in Docket No. P-2022-3037388, and subsequent Commission approved LTIIPs, if any. During its replacement of vintage plastic pipe, Columbia Gas shall destructively test no less than fifteen (15) Plexco and/or Aldyl-A fusions, or other first-generation plastic pipe fusions annually, to determine the risk associated with these vintage plastic pipes and, if necessary, to establish a procedure and/or policy for risk-based fusion testing in the future. The destructive testing shall continue for a minimum period of five (5) years following a Commission Order or Decision and a report of the results shall be provided to Pipeline Safety for review at least every six months. I&E has the right to make comments or recommendations on the procedures or testing based on review of the reports.

I. Review of Facility Failure Reports:

Columbia Gas will have a Gas Standards Engineer review all Facility Failure Reports ("FFR"). At a minimum, Columbia Gas will follow all of its FFR procedures when legal is involved. Legal may direct additional steps or procedures in addition to the minimum FFR procedures, at legal's discretion.

J. Training for Field Personnel and Supervisory Staff:

Columbia Gas will provide additional training for field personnel and supervisory staff on adequately documenting leakage control records on form GS 1708.100-1. After a leak record has been cleared, Columbia Gas will follow the leakage QA-QC process established in its DIMP to verify that information was documented correctly and all relevant information was captured.

K. Facility Failure Report Supplementation:

Columbia Gas will remove all assumptions or notes stating that the work performed by a third-party excavator resulted in or contributed to the fusion butt failure. Specifically, the note in the Facility Failure Report which states “Extra tension from prior sewer and water excavation” shall be removed, in addition to all other Columbia Gas records which contain this assumption.

9. Columbia Gas submits that the Settlement Agreement is in the public interest, and therefore requests that the Commission approve the Settlement Agreement as in the public interest. The Settlement Agreement is expressly conditioned upon the Commission’s approval under applicable public interest standards without modification, addition, or deletion of any term or condition herein. The Parties have agreed that if the Commission Order substantively modifies the terms of the Settlement Agreement, any party may give notice to the other that it is withdrawing from the Joint Petition for Approval of Settlement. Such notice must be in writing and must be given within twenty (20) business days of the issuance of the Final Order which adopts the Settlement Agreement with substantive modifications of its terms. In the event that a party withdraws from the Joint Petition for Approval of Settlement, I&E and Columbia Gas jointly agree that the Settlement Agreement shall be void and of no effect.

10. Nothing contained in the Settlement Agreement may be used or construed by any person as an admission of any fact by Columbia Gas. The Settlement Agreement is proposed by the Parties without any admission against, or prejudice to, any position which any party may adopt during any subsequent administrative or court proceeding of whatever nature.

IV. COMPLIANCE WITH THE COMMISSION’S POLICY STATEMENT ON LITIGATED AND SETTLED PROCEEDINGS INVOLVING VIOLATION OF THE PUBLIC UTILITY CODE AND COMMISSION REGULATIONS

11. Columbia asserts that approval of the Settlement Agreement is consistent with the Commission’s *Policy Statement for Litigated and Settled Proceedings Involving Violations of*

the Public Utility Code and Commission Regulations, 52 Pa. Code § 69.1201 (“Policy Statement”).

12. Under this Policy Statement, the Commission will consider specific factors when evaluating settlements of alleged violations of the Public Utility Code and Commission’s Regulations. These factors are: (1) Whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation; (2) Whether the resulting consequences of the conduct at issue were of a serious nature, such as personal injury or property damage; (3) Whether the conduct at issue was deemed intentional or negligent (may only be considered when evaluating litigated cases); (4) 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; (5) The number of customers affected and the duration of the violation; (6) The compliance history of the regulated entity that committed the violation; (7) Whether the regulated entity cooperated with the Commission’s investigation; (8) The amount of the civil penalty or fine necessary to deter future violations; (9) Past Commission decisions in similar situations; and (10) Other relevant factors. 52 Pa. Code § 69.1201(c).

13. When applied to settled cases, the Commission will not apply the standards as strictly as it will in litigated cases. 52 Pa. Code § 69.1201(b).

14. With regard to the first standard and starting point in the Policy Statement, whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, there is no suggestion in the descriptions of alleged violations in the Settlement Agreement that Columbia Gas engaged in willful fraud or misrepresentation. Notwithstanding, Columbia Gas recognizes and acknowledges that the provision of natural gas service to the public is, by its nature, a serious matter and that leaking gas facilities can result in significant property damage and/or loss of life. The terms of the Settlement Agreement adequately take Columbia Gas’s

alleged conduct into account, while also taking the Company's response to the incident into consideration.

15. Regarding the second standard set out in the Policy Statement, whether the resulting consequences attributable to the conduct at issue were of a serious nature, Columbia Gas acknowledges that its alleged conduct as described in the Settlement Agreement did result in serious consequences. Columbia Gas submits that the terms of the Settlement Agreement recognize the gravity of the incident at issue and that the corrective actions the Company has agreed to implement are designed to minimize the likelihood that a similar incident will occur in the future.

16. Since this is a settled matter, the third standard set out in the Policy Statement, whether the alleged conduct at issue was intentional or negligent, is not at issue.

17. Under the fourth standard in the Policy Statement, the Commission will consider modifications that may include activities such as training and improving company techniques and supervision, as well as the time it took to correct the conduct, and the involvement of top-level management in correcting the conduct. All of these considerations weigh in favor of approval of approving the Settlement in this matter. The Settlement Agreement describes Columbia Gas's commitments regarding written reports, DIMP modifications and risk assessments, GIS mapping, accelerated regarding vintage plastic pipe leakage analysis, accelerated vintage plastic pipe replacement, review of Facility Failure Reports and supplementation, and training for field personnel and supervisory staff, as described in Paragraph 36 the Settlement Agreement. With respect to the timing it has taken to make corrections, it is noteworthy that Columbia Gas implemented several of its corrective measures prior to the submission of the Settlement Agreement for the Commission's consideration, such as:

- (a) the requirement of written reports, as described in Subparagraph 36 C of the Settlement Agreement;
- (b) accelerated replacement of vintage plastic pipe as described in Subparagraph 36 H of the Settlement Agreement;
- (c) the review of Facility Failure Reports, as described in Subparagraph 36 I of the Settlement Agreement;
- (d) the Facility Failure Report supplementation, as described in Subparagraph 36 K of the Settlement Agreement.

These measures, as well as all remedial measures to be implemented in the future under the Settlement Agreement, have been review and approved by the Company's senior management.

18. Regarding the fifth standard in the Policy Statement, per the Joint Stipulation of Facts submitted by the parties, gas service to six homeowners was interrupted and nineteen residents were evacuated in the vicinity of the incident. The incident took place at 8:03 a.m. on October 29, 2020 and gas service was restored by 11:06 p.m. that evening. Further, as precaution, electric utility service was interrupted in the vicinity of the incident between approximately 8:55 a.m. and restored by 5:58 p.m. on the day of the incident. The duration of the event is reflected in the proposed civil penalty.

19. Regarding the sixth standard in the Policy Statement, in the past twelve years the Commission has assessed civil penalties ranging from \$50,000 to \$990,000 pursuant to settlements between Columbia Gas and I&E related to allegations of gas safety violations. *See* Docket Nos. M-2014-2306067; M-2016-2378672; M-2021-3005572; and M-2022-3012079. The alleged conduct in the case that is the subject of the current Settlement Agreement is different than the conduct at issue in those prior matters. The civil penalty that Columbia Gas and I&E have agreed upon in the instant matter reflect that history.

20. Regarding the seventh standard in the Policy Statement, Columbia Gas maintains that the Company cooperated with I&E in its investigation. While the Settlement Agreement states that Columbia Gas did not provide written reports in response to an I&E directive, there are no facts alleged that would tend to establish bad faith on the part of Columbia Gas or that it engaged in concealment of violations. To the extent the lack of a written report weighs against the Company under the seventh standard of the Policy Statement, Columbia Gas submits that the civil penalty proposed in the Settlement Agreement accounts for that standard.

21. Regarding the eighth standard in the Policy Statement, Columbia Gas submits that the civil penalty of \$700,000 will adequately serve to deter future violations, especially in light of the non-monetary remedial measures under the Settlement Agreement that are meant to mitigate the risk of future occurrences like the incident that is the subject of this proceeding.

22. Regarding the ninth standard in the Policy Statement, as discussed in Paragraph 19, above, the alleged conduct in the case that is the subject of the current Settlement Agreement is different than the conduct at issue in those prior matters.


23. Regarding the tenth standard in the Policy Statement, Columbia Gas submits that that it is in the public interest to settle this matter so as to avoid the expense of litigation. Moreover, the Settlement is in the public interest through remedial measures that will promote gas safety and reliability in Columbia Gas's service territory that will benefit the public.

24. Columbia Gas submits that both Parties' efforts have resulted in fair and equitable settlement that is in the public interest. The Commission has consistently encouraged settlements to avoid the time and expense associated with litigation. The Parties submit that the Settlement Agreement is in the public interest because it recognizes the gravity of the alleged incident, while effectively addressing and resolving the issues raised by the ensuing investigation, and avoids the time and expense of litigation, which would entail hearings, filings

of briefs, exceptions, reply exceptions, and appeals. The Company has also agreed to pay a civil penalty and to comply with the Commission's Regulations. The Settlement Agreement clearly meets the standards set forth in Section 69.1201.

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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Date: August 9, 2024

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :
Bureau of Investigation and Enforcement :
 :
v. : Docket No. C-2023-3043425
 :
Columbia Gas of Pennsylvania, Inc. :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing **Joint Petition for Approval of Settlement** upon the Parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

Service by Electronic Mail:

Theodore J. Gallagher, Esq.
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Dated: August 9, 2024