

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	C-2023-3043425
	:	
Columbia Gas of Pennsylvania, Inc.	:	

**INITIAL DECISION**

Before  
Emily I. DeVoe  
Administrative Law Judge

**INTRODUCTION**

This decision approves the Joint Petition for Approval of Settlement (Settlement) filed by the Public Utility Commission’s (Commission) Bureau of Investigation and Enforcement (I&E) and Columbia Gas of Pennsylvania, Inc. (Columbia, Respondent, or Company) (collectively, Joint Petitioners), without modification. Under the Settlement, Columbia agrees to, among other things, improve training of field personnel and supervisory staff, improve its Distribution Integrity Management Program (DIMP), expand its DIMP risk assessment, implement a geographic information system (GIS), and accelerate replacement of vintage plastic pipe. In addition, Columbia agrees to pay a civil penalty of \$700,000 dollars.

## HISTORY OF THE PROCEEDINGS

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 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.

On October 5, 2023, I&E filed a Formal Complaint (Complaint) alleging Columbia 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's 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 report<sup>1</sup>, 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. 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 C.F.R. § 192.281(c) (Plastic Pipe- Heat-fusion Joints) and 49 C.F.R. § 192.605(a) (Procedural manual for operations, maintenance, and emergencies) in that Columbia Gas failed to properly heat-fuse plastic pipe

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<sup>1</sup> Columbia retained S-E-A, Ltd. to perform a thorough evaluation of the pipeline section and to determine the cause of the failure.

joints on the main as part of the construction project in 1982 and did not have the required intermixing of materials;

- b. 49 C.F.R. § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 C.F.R. § 192.617 (Investigation of failures), 49 C.F.R. § 192.805(h) (Qualification program), and 49 C.F.R. § 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 C.F.R. § 192.605(a) (Procedural manual for operations, maintenance, and emergencies), 49 C.F.R. § 192.617 (Investigation of failures), and 49 C.F.R. § 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 C.F.R. § 190.203(e) (Inspections and investigations), 49 C.F.R. § 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's procedures and DIMP.

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

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

By notice dated November 15, 2023, this matter was scheduled for an Initial Telephonic Hearing on January 4, 2024. By Interim 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 Joint Petitioners filed a Joint Petition for Approval of Settlement which was intended to resolve all issues in this matter. The Settlement is 18 pages, not including Appendices A-D. A Joint Stipulation of Facts in Support of Settlement is attached as Appendix A. A Joint Proposed Conclusions of Law and Ordering Paragraphs is attached as Appendix B. Statements in Support of the Settlement

of I&E and Columbia were attached as Appendix C and Appendix D, respectively. Both I&E and Columbia aver the Settlement is in the public interest.

On October 16, 2024, I issued an Interim Order closing the record.

As discussed below, I recommend the Joint Petition for Approval of Settlement be approved, without modification, because it is in the public interest.

### LEGAL STANDARDS

#### A. Regulations Related to Pipeline Safety

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.

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 C.F.R. 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.

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.

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.

B. Legal Standards for Settlements; In General

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. In most cases, settlements lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util. Comm'n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013). In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Windstream Pa., LLC*, Docket No. M-2012-2227108 (Opinion and Order entered Sept. 27, 2012); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assoc.*, 74 Pa. PUC 767 (1991).

C. Commission’s Policy Statement on Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations

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) is applicable to this case. The Commission will consider specific factors and standards in evaluating litigated and settled cases involving violations of the Code and Commission regulations. 52 Pa. Code § 69.1201(a). These factors and standards will be utilized by the Commission in determining if a fine for violating a Commission order, regulation, or statute is appropriate, as well as if a proposed settlement for a violation is reasonable and approval of the settlement agreement is in the public interest. *Id.*

Many of the same factors and standards may be considered in the evaluation of both litigated and settled cases. 52 Pa. Code § 69.1201(b). When applied in settled cases, these factors and standards will not be applied in as strict a fashion as in a litigated proceeding. *Id.* The parties in settled cases will be afforded flexibility in reaching amicable resolutions to complaints and other matters so long as the settlement is in the public interest. *Id.*

The factors and standards that will be considered by the Commission include the following:

- (1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less

egregious, such as administrative filing or technical errors, it may warrant a lower penalty.

- (2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.
- (3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.
- (4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.
- (5) The number of customers affected and the duration of the violation.
- (6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.
- (7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.

- (8) The amount of the civil penalty or fine necessary to deter future violations. The size of the utility may be considered to determine an appropriate penalty amount.
- (9) Past Commission decisions in similar situations.
- (10) Other relevant factors.

52 Pa. Code § 69.1201(c).

### STIPULATION OF FACTS

Attached to the Settlement as Appendix A was the Joint Stipulation of Facts in Support of Settlement. The Joint Petitioners agree that the Stipulated Facts support approval of the Settlement. *See* Joint Stipulation of Facts, pg. 1. Further, the Joint Petitioners argue the Stipulated Facts demonstrate that the Settlement is in the public interest and is fully consistent with the Commission's *Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings*, 52 Pa. Code § 69.1201. *See* Settlement ¶ 39.

I&E and Columbia recognize the Settlement is a compromise of disputed claims. Stipulation of Facts, pg. 1. Further, I&E recognizes that the Settlement is entered into without admission of wrongdoing or liability by Columbia. *Id.* Joint Petitioners note that had this matter been fully litigated rather than resolved through the Settlement, Columbia would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations. Settlement ¶ 32.

The Stipulated Facts are as follows:<sup>2</sup>

**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.

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<sup>2</sup> The Stipulation of Facts are included here verbatim, but there may be formatting edits for consistency and readability.

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.

## VI. TERMS AND CONDITIONS OF THE SETTLEMENT

Under the terms of the Settlement, the Joint Petitioners agree to the Settlement terms as set forth below. These terms are stated verbatim and, for ease of reference, retain the same paragraph numbers as they appear in the Settlement.

33. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, 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.

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 LTIPs, 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.

The Settlement is conditioned on several terms. For example, the Settlement is conditioned on the Commission approving the settlement without modification, Settlement ¶ 42, and the parties agree to waive the filing of exceptions if the initial decision approves the Settlement without modification, Settlement ¶ 43. The Joint Petitioners further agree that Columbia 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 the Settlement, nor may the Settlement be used by any other person or entity as a concession or admission of fact or law. Settlement ¶ 44.

The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any party's position with respect to any issues raised in this proceeding. Settlement ¶ 45. Further, the 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. Settlement ¶ 46. Finally, the Joint Petitioners explain that the terms and conditions of the Settlement represent reasonably negotiated compromises on the issues and is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.

## VII. PARTIES' POSITIONS ON THE SETTLEMENT

### A. Bureau of Investigation and Enforcement

I&E explains that, 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. I&E explains that the discussions culminated in the Settlement Agreement, which, once approved, will resolve all issues related to I&E's Formal Complaint proceeding. I&E Statement in Support, pg. 5. I&E further notes that Columbia 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. *Id.*

I&E submits that 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 GIS, and accelerated action and replacement of vintage plastic pipe. *Id.*

I&E asserts that the civil penalty is reasonable in light of the standards and factors outlined in the Commission's Policy Statement. *Id.* at 8-16; *see* 52 Pa. Code § 69.1201(b). In consideration of Columbia'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. I&E Statement in Support at 7.

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. *Id.* at 5. 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. *Id.*

## B. Columbia

Columbia avers the terms and conditions of the Settlement are in the public interest and represent a fair, just, reasonable, and equitable resolution of the matters described therein. Furthermore, Columbia submits that approval of the Settlement 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 Statement in Support, pg. 6-7.

Columbia notes that had this matter been fully litigated rather than resolved through this Settlement, it would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations. *Id.* at 2. Columbia submits that the Settlement is in the public interest, and requests that the Commission approve the Settlement as in the public interest. *Id.* at 6.

## VIII. DISCUSSION AND RECOMMENDATION

Under the Commission's 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).

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 alleged that Columbia's conduct included 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. Both parties agree the conduct alleged in the Complaint does not rise to the level of willful fraud or misrepresentation, but I emphasize that it is unquestionably more serious than a mere administrative error.

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 described above constitute conduct that placed the

public safety at risk and could have resulted in even more catastrophic property damage and/or loss of life. Therefore, this factor supports a higher civil penalty be imposed.

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 evacuation of nineteen residents within a two-block radius of the explosion and the total loss of 448 Chestnut Street, which is estimated to be \$213,000. The residence was unoccupied at the time of the explosion, which may have contributed to the fact there were no fatalities as a result of this explosion.

As I&E has alleged, Columbia'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's facilities, resulted in a pipeline failure, gas explosion, property damage, and a very serious threat to public safety.

I&E argues 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. I&E Statement in Support, pg. 9. Columbia acknowledges that the alleged conduct did result in serious consequences, but avers 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. Columbia Statement in Support, pg. 8. Consideration of the second factor supports a higher penalty.

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.* This factor does not apply since this matter is being resolved by settlement of the Parties, and not by litigation.

The fourth factor to be considered is whether Columbia has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). I&E notes that Columbia, in response to the October 29, 2020, incident, has engaged in appropriate measures to correct the conduct at issue and prevent similar future conduct. I&E Statement in Support, pg. 10.

Specifically, Columbia agrees to: require a written laboratory report and/or detailed root cause analysis for any DOT reportable incident or event (Settlement ¶ 36(C)); 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 (Settlement ¶ 36(D)); expand its DIMP risk assessment to include an evaluation of data from testing and reporting for all failures involving vintage plastic pipe (Settlement ¶ 36(E)); implement and incorporate a GIS based software program that allows for further data capture of information relevant to expansion of its DIMP risk assessment (Settlement ¶ 36(F)); add an accelerated action to analyze quarterly open and closed leaks suspected or confirmed to be on vintage plastic (Settlement ¶ 36(G)); consider and begin accelerating the replacement of vintage plastic pipe (Settlement ¶ 36(H)); have a Gas Standards Engineer review all FFRs and will, at a minimum, follow all of its FFR procedures when legal is involved (Settlement ¶ 36(I)); provide additional training for field personnel and supervisory staff on adequately documenting leakage control records (Settlement ¶ 36(J)); and supplement the FFR for this incident to reflect the S-E-A, Ltd. laboratory report and findings (Settlement ¶ 36(K)).

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. I&E avers these actions will place Columbia 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. I&E Statement in Support, pg. 11. Columbia notes that it implemented several of its corrective measures prior to the submission of the Settlement Agreement. Columbia Statement in Support, pgs. 8-9. The remedial actions Columbia has taken and commits to take pursuant to the Settlement 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. Columbia's willingness to remediate and improve its practices and support a lower civil penalty.

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 the instant 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 residents within a two-block radius of the explosion, destruction of one residence, and gas service interruptions to six service locations occurring between 8:03 a.m. and 11:06 p.m. on October 29, 2020, and electric service interruptions in the surrounding area between 8:55 a.m. and 5:58 p.m. on October 29, 2020. This factor supports a lower civil penalty.

The sixth factor to be considered relates to the compliance history of Columbia. 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.* I&E submits that Columbia has had a good compliance history in the preceding ten-year time period. I&E Statement in Support, pgs. 11-12. In that time span, I&E notes there were four significant settlements entered into based on Columbia's failure to follow the Code, Commission regulations, and/or the Code of Federal Regulations. Both parties agree, however, that the prior history mainly involved issues of over pressurization, an issue not present in the instant matter. *Id.* at 12; Columbia Statement in Support, pg. 9.

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. *See* I&E Statement in Support, pg. 12. I&E explains that its investigations in that matter determined that Columbia's conduct 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. I&E explains that 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. *Id.* at 12.

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. *See* I&E Statement in Support, pg. 12. I&E explains that the first incident occurred due to Columbia's 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. I&E explains that 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 notes that its investigations led to allegations that, during both incidents, Columbia 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. *Id.* at 13.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2022-3012079 (Order entered August 3, 2023), Columbia 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. I&E Statement in Support, pg. 13. In that matter, I&E alleged that Columbia 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 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. *Id.*

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2021-3005572 (Order entered August 24, 2023), Columbia 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. I&E Statement in Support, pg. 13. In that matter, I&E alleged overpressure events at two locations, one of which occurred over a course of twenty-six days from May 16, 2018 to June, 12, 2018, at the Company's Rimersburg System and the other occurred over a course of four days at the Company's distribution system in Fayetteville, Pennsylvania. *Id.* I&E concluded that both of these incidents occurred due to inadequate use and

maintenance of bypass valves, and the subsequent leaks of gas from the bypass valves caused the systems to overpressurize. I&E explains that no individual was harmed during these overpressure events, nor did any customer property damage occur as a result. *Id.* at 14.

While these prior settlements involve alleged wrongdoing resulting in undoubtedly serious consequences, they pertain to alleged overpressurization, rather than improper installation of pipe joints, as is at issue in the instant case. Consideration of this factor supports a lower civil penalty.

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 I&E's Complaint, Columbia failed to provide three 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. I&E's Complaint further alleged that Columbia refused to supplement its Facility Failure Report with the findings of the S-E-A, Ltd. report.

In the Settlement, Columbia has agreed to actions to correct this conduct. In particular, Columbia has agreed as follows: (1) Columbia 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 (Settlement ¶ 36(C)); (2) Columbia will have a Gas Standards Engineer review all FFRs and Columbia's legal counsel may direct additional steps or procedures, but, at a minimum, Columbia will follow all of its FFR procedures when legal counsel is

involved (Settlement ¶ 36(I)); and (3) Columbia will supplement the FFR to reflect the findings of the S-E-A, Ltd. report (Settlement ¶ 36(K)).

I&E avers that, since the filing of the Complaint, Columbia has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist Columbia in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process. I&E Statement in Support, pg. 15. Additionally, Columbia maintains that, while the Settlement states that Columbia 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 or that it engaged in concealment of violations. Columbia Statement in Support, pg. 10. Columbia further argues that, to the extent the lack of a written report weighs against the Company, the civil penalty proposed in the Settlement accounts for that standard.

While Columbia may not have been fully cooperative in providing all reports to I&E upon request, there is no claim alleged nor evidence in the record to support a finding that Columbia acted in bad faith or engaged in concealment. Further, Columbia's full cooperation with I&E since I&E filed the Complaint supports a lower civil penalty.

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'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 Statement in Support, pg. 15. I&E further submits that the monetary cost of Columbia's performance of all of the remedial measures is sufficient to deter Columbia Gas from committing future violations.

*Id.* Columbia agrees that the proposed civil penalty, in conjunction with the non-monetary remedial measures included in the Settlement, are sufficient to mitigate the risk of future occurrences similar to the one in the instant case. Columbia Statement in Support, pg. 10.

The ninth factor to be considered relates to past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(9). I&E argues that the instant Settlement provides comparable or even superior relief to prior enforcement matters involving similar pipeline safety violations. I&E Statement in Support, pg. 15. I&E posits that the instant Settlement, when viewed on its own merits, is fair and reasonable, however, when considering 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 – a substantial civil penalty will be paid and numerous, valuable corrective actions to address the alleged violations will be or have been performed. I&E Statement in Support, pgs. 15-16.

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. 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 negotiated from their initial litigation positions. I&E argues that 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. I&E argues that 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. I&E Statement in Support, pg. 16. Columbia argues the fact this matter is resolved via a settlement allows both parties to

avoid the expense of litigation and promotes gas safety and reliability in Columbia's service territory. Columbia Statement in Support, pg. 10

The allegations in the Complaint are extremely serious and the explosion in the instant case could have had dire consequences had the residents at 448 Chestnut Street been home at the time of the explosion. I note that the \$700,000.00 civil penalty, while not relating to a case involving overpressurization, is larger than any of the civil penalties levied against Columbia in the cases cited above, with the exception of one – a \$990,000 civil penalty for an explosion that caused injuries to four individuals, as well as significant property damage. *See Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2022-3012079 (Order entered Aug. 3, 2023).

In considering all ten factors, the circumstances of this case, as well as Columbia's efforts and commitments to remediate the alleged violations, I find that the Settlement is in the public interest and the civil penalty of \$700,000 is consistent with the Commission's *Policy Statement* at 52 Pa. Code § 69.1201(c). Therefore, the Settlement is approved without modification as it is in the public interest.

#### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 501, 701.
2. Columbia Gas of Pennsylvania, Inc., is a jurisdictional public utility. 66 Pa.C.S. § 102.

3. Columbia Gas of Pennsylvania, Inc., in providing natural gas distribution service to the public for compensation, is subject to the power and authority of the Commission and is required to comply with Commission regulations and orders, including Federal pipeline safety laws and regulations. 66 Pa.C.S. § 501(c).

4. The Pipeline Safety Division of the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement 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 C.F.R. Parts 191-193, 195 and 199. 52 Pa. Code § 59.33(b).

5. The Federal pipeline safety laws and regulations prescribe the minimum safety standards for all natural gas and hazardous liquid public utilities in the Commonwealth. 49 C.F.R. Parts 191-193, 195 and 199.

6. The Public Utility Code 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. 66 Pa.C.S. § 3301(c).

7. A civil penalty of up to \$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 \$2,000,000 or the penalty amount provided under Federal pipeline safety laws, whichever is greater. 66 Pa.C.S. § 3301(c).

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

9. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401.

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

11. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

12. Parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util. Comm'n v. MXenergy Elec. Inc.*, Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013).

13. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Windstream Pa., LLC*, Docket No. M-2012-2227108 (Opinion and Order entered Sept. 27, 2012); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assoc.*, 74 Pa.P.U.C. 767 (1991).

14. The joint petitioners have the burden to prove that the Settlement is in the public interest. *Pa. Publ. Util. Comm'n v. City of Bethlehem - Water Dep't*, Docket No. R-2020-3020256 (Opinion and Order entered Apr. 15, 2021).

15. The Commission recognizes that settlements represent “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” *Pa. Pub. Util. Comm'n v. C S Water and Sewer Associates*, 74 Pa.P.U.C. 767, 771 (1991).

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

ORDER

THEREFORE,

IT IS ORDERED:

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.

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. That a copy of this Order 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.

Date: November 7, 2024

\_\_\_\_\_/s/\_\_\_\_\_  
Emily I. DeVoe  
Administrative Law Judge