



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

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

January 17, 2025

**Via Electronic Filing**

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

Re: Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement v.  
Peoples Natural Gas Company LLC  
Docket No. C-2024-3050319  
**Joint Petition for Approval of Settlement**

Dear Secretary Chiavetta:

Enclosed for electronic filing is the **Joint Petition for Approval of Settlement** of the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission and Peoples Natural Gas Company LLC in the above-referenced matter.

Copies have been served on the parties of record in accordance with the Certificate of Service. If 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](mailto:cwiddowson@pa.gov)

CBW/ac  
Enclosures

cc: Per Certificate of Service  
Michael L. Swindler, Deputy Chief Prosecutor (*via email - [mwindler@pa.gov](mailto:mwindler@pa.gov)*)  
Administrative Law Judge Jeffrey Watson (*via email - [jeffwatson@pa.gov](mailto:jeffwatson@pa.gov)*)  
Robert Horensky, Manager, Safety Division (*via email - [rhorensky@pa.gov](mailto:rhorensky@pa.gov)*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. C-2024-3050319
	:	
Peoples Natural Gas Company LLC	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

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 Peoples Natural Gas Company LLC (“Peoples,” “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 at 1306 Pennsylvania Avenue, Tyrone, Pennsylvania, 16686, on July 26, 2021. As part of this Settlement Agreement, I&E and Peoples (collectively, the “Parties” or “Joint Petitioners”) respectfully request that the Commission approve the Settlement without modification. Joint Proposed Conclusions of Law and Ordering Paragraphs are attached hereto as **Appendix A**. Statements in Support of the Settlement expressing the individual views of I&E and Peoples are attached hereto as **Appendix B** and **Appendix C**, 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 Peoples Natural Gas Company LLC, a natural gas distribution company ("NGDC"), with a principal place of business of 375 North Shore Drive, Pittsburgh, Pennsylvania 15212.

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).

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. Civil penalties for violations of Federal pipeline safety laws and regulations are adjusted annually to account for changes in inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114-74, § 701, 129 Stat. 599, 28 U.S.C. § 2461 note (Nov. 2, 2015) (amending the Federal Civil Penalties Inflation Adjustment Act of 1990). The applicable adjustment made by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") occurred on December 28, 2023 and revised the maximum civil penalty to Two Hundred Sixty-Six Thousand, Fifteen Dollars (\$266,015.00) for each violation and for each day the violation continues, with a maximum penalty not to exceed Two Million, Six Hundred Sixty Thousand, One Hundred Thirty-Five Dollars (\$2,660,135.00) for a related series of

violations. 88 Fed. Reg. 89560 (Dec. 28, 2023).

9. Peoples 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.

10. Peoples, 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.

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

## **II. BACKGROUND**

12. Peoples provides natural gas service to customers in the Borough of Tyrone in Tyrone, Pennsylvania.

13. Peoples owns and operates a 6-inch plastic gas main installed along Pennsylvania Avenue in Tyrone, Pennsylvania. This gas main was installed in 1976 and operated at approximately seven ounces (twelve inches water column), with a maximum allowable operating pressure of 1 psig.

14. The Borough of Tyrone contracted Glenn Johnston, Inc. (“GJI”) for the rebuilding and replacement of its aging water system infrastructure.

15. As part of the contract, GJI was to install new water mains and service connectors on Pennsylvania Avenue between 10th and 16th Streets.

16. On July 26, 2021, GJI engaged in excavation activities in the 1300 block of Pennsylvania Avenue, utilizing a Roddie Pit Shot horizontal directional drill<sup>1</sup> to bore a hole for a new water line.

17. During its excavation activities, GJI's employees operating the Roddie Pit Shot horizontal directional drill struck and bore through Peoples' 6-inch main, creating a 2-inch hole entering the bottom half of the plastic main at approximately the seven to eight o'clock position and exiting at the four to five o'clock position.

18. At 11:52 a.m., on July 26, 2021, a foreman for GJI contacted Peoples Call Center to report an outside odor of gas.

19. During the 11:52 a.m. call, GJI did not inform Peoples that they struck Peoples' natural gas facilities.

20. Peoples dispatched a customer serviceman, who arrived at the scene at 12:28 p.m., to investigate the outside odor call.

21. At approximately 1:08 p.m., a natural gas explosion occurred at the residence located at 1306 Pennsylvania Avenue.

22. The explosion resulted in one fatality, four injuries, complete destruction of one residence (1306 Pennsylvania Avenue), severe damage to a second residence (1308 Pennsylvania Avenue), and fire damage to a third residence (1310 Pennsylvania Avenue).

23. Pipeline Safety engineers promptly responded to the scene and subsequently conducted an investigation.

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<sup>1</sup> A horizontal direction drill is a type of boring tool that creates a narrow hole in which small diameter pipes can be installed and is a basic form of trenchless technology using a pneumatic devise to push rods through the subsurface to create an underground path for the new installation.

24. The results of I&E's investigation formed the basis for I&E's Complaint that was filed with the Commission on July 26, 2024 at Docket No. C-2024-3050319. I&E filed proprietary and non-proprietary versions of the Complaint. The Complaint included the following allegations:

- a. Peoples' employees who responded to the incident failed to take necessary actions to minimize the hazards of the released gas to life, property, and the environment, by failing to contact 911 emergency services, failing to shut off gas to the distribution pipeline, or failing to evacuate nearby residences;
- b. Peoples failed to use every reasonable effort to warn and protect the public from danger or exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected to by reason of its equipment and facilities;
- c. Peoples failed to train its Call Center employees on its Emergency Response Plan, in that Call Center employees did not participate in Annual Emergency Simulations and their responsibilities during an emergency are not clearly defined;
- d. Peoples failed to train its Operations Center employees on its Emergency Response Plan, in that Operations Center employees only received peer to peer training and did not participate in classroom training, specific to the Operations Center employees, or Annual Emergency Simulations;
- e. Peoples failed to gather all information related to the incident required under 49 CFR Part 191 and its own procedures and failed to submit the Department of Transportation Form RSPA F 7100.1 within thirty (30) days of the incident;
- f. Peoples failed to review their employee's actions taken during the incident to determine whether Peoples' procedures were followed or effective during the response to the incident;
- g. Peoples failed to conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate;
- h. Peoples failed to have a root cause analysis developed, so that Peoples could incorporate lessons learned into their procedures;

- i. Peoples failed to have a written report prepared that investigated and analyzed the natural gas components involved in the incident, in order to determine the cause of the failure and how best to minimize the possibility of reoccurrence;
- j. Peoples failed to conduct a post-accident drug and alcohol testing of Peoples Customer Serviceman after the incident;
- k. Peoples failed to document, in its records, the decision not to conduct a drug and alcohol test of Peoples Customer Serviceman;
- l. Peoples failed to properly record monthly inspections of its fire extinguishers after having been previously alerted to this issue by Pipeline Safety; and
- m. Peoples 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.

25. In its Complaint, I&E made several requests for relief, including that the Commission: (1) find Peoples to be in violation of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations for each of the twenty-two (22) counts set forth in I&E's Complaint; (2) impose a cumulative civil penalty upon Peoples in the amount of in the amount of Eight Hundred Thousand Dollars (\$800,000.00); (3) direct Peoples to perform each of the corrective actions detailed in the Complaint; and (4) order such other remedies as the Commission may deem appropriate.

26. On August 7, 2024, Peoples filed an Unopposed Motion for Extension of Time to File an Answer, which was granted on the same day.

27. On September 11, 2024, Peoples filed a second Unopposed Motion for Extension of Time to File an Answer, which was granted the following day.

28. On October 15, 2024, Peoples filed a third Unopposed Motion for Extension of Time to File an Answer, which was granted on the same day.

29. On October 18, 2024, Peoples filed a Motion for Extension of Time to File Joint Petition for Settlement, after the Parties reached a settlement in principle on all issues at this docket.

### **III. ALLEGED VIOLATIONS**

#### **A. Position of I&E**

30. I&E filed a Formal Complaint alleging that Peoples violated certain provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations.

Had this matter been fully litigated rather than resolved through this Settlement, I&E would have contended that Peoples violated certain provisions of the Public Utility Code,

Commission regulations, and/or Code of Federal Regulations in that:

- a. Peoples failed to follow Peoples's procedures found at Emergency Response Plan, SOP 160.02, Job Procedure 506, and GD 06-002, in that Peoples did not take the necessary actions to minimize hazards of released gas to life, property, or the environment by contacting 911 emergency services, shutting off gas to the distribution pipeline, establishing a restricted area around the incident location, or evacuating nearby residences. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies).
- b. Peoples failed to use every reasonable effort to properly warn and protect the public from danger, or exercise reasonable care to reduce the hazards to which employees, customers and others may be subjected to by reason of its equipment and facilities, in that Peoples failed to contact 911 emergency services, shut off gas to the distribution pipeline, establish a restricted area around the incident location, or evacuate nearby residences. If proven, this is a violation of 52 Pa. Code § 59.33(a) (Gas Service - Safety).
- c. Peoples failed to conduct a post-emergency review of employee activities to determine if its procedures were adequately and effectively followed, as required by 49 CFR § 192.615 and Peoples's procedures

found at Emergency Response Plan, SOP 110.01, and SOP 130.01. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) and 49 CFR § 192.615(b)(3) (Emergency Plans).

- d. Peoples failed document or keep records of a post-emergency review of employee activities to determine if its procedures were adequately and effectively followed. If proven, this is a violation of 49 CFR § 192.603(b) (General Provisions).
- e. Peoples failed to submit Department of Transportation Form RSPA F 7100.1 to PHMSA within thirty (30) days of the incident as required by 49 CFR § 191.9 and its procedures found at SOP 340.02. If proven, this is a violation of 49 CFR § 191.9(a) (Distribution System: Incident Report) and 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies).
- f. Peoples failed to gather all required data regarding the incident in a timely and effective manner for preparation and completion of Department of Transportation Form RSPA F 7100.1, as required by its procedures found at SOP 340.02. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies).
- g. Peoples and its third party consultant, Romualdi, Davidson, & Associates (“RDA”), failed to complete its investigation of the incident and create a report, which determines the root cause of the failure, evaluates employee actions and the initial response to the accident, determines the need for system improvements and improvements in response, management, and investigation of accidents, and determines how to minimize the possibility of recurrence, as required by Peoples’s procedures found at Emergency Response Plan, SOP 110.01, and SOP 130.01. If proven, this is a violation of 49 CFR § 192.617(a) (Investigation of Failures and Incidents).
- h. Peoples and its third-party consultant, RDA, failed to develop a post-incident review, or root cause analysis of the incident, and failed to develop, implement, and incorporate lessons learned from that post-incident review into Peoples’s written procedures, including personnel training and qualification programs, and design, construction, testing, maintenance, operations, and emergency procedure manuals and specifications. If proven, this is a violation of 49 CFR § 192.617(b) (Investigation of Failures and Incidents).

- i. Peoples failed to conduct a post-accident drug test of Peoples Customer Serviceman within thirty-two (32) hours following the accident, as required by 49 CFR § 199.105 and Peoples's procedures found at SOP 130.01, Anit-Drug Plan, and Emergency Response Plan. If proven, this is a violation of 49 CFR § 199.105(b) (Drug Tests Required) and 49 CFR § 199.101(a) (Anti-drug Plan).
- j. Peoples failed to prepare and maintain its decision stating the reasons why a post-accident drug test of Peoples Customer Serviceman was not conducted within thirty-two (32) hours of the accident, as required by 49 CFR § 199.105 and Peoples's procedures found at SOP 130.01 and Anit-Drug Plan. If proven, this is a violation of 49 CFR § 199.105(b) (Drug Tests Required) and 49 CFR § 199.101(a) (Anti-drug Plan).
- k. Peoples failed to conduct a post-accident alcohol test of Peoples Customer Serviceman within eight (8) hours following the accident, as required by 49 CFR § 199.225 and Peoples's procedures found at SOP 130.01, Alcohol Plan, and Emergency Response Plan. If proven, this is a violation of 49 CFR § 199.225(a) (Alcohol Tests Required) and 49 CFR § 199.202 (Alcohol Misuse Plan).
- l. Peoples failed to prepare and maintain its decision stating the reasons why a post-accident alcohol test of Peoples Customer Serviceman was not conducted within eight (8) hours of the accident, as required by 49 CFR § 199.225 and Peoples's procedures found at SOP 130.01 and Alcohol Plan. If proven, this is a violation of 49 CFR § 199.225(a) (Alcohol Tests Required) and 49 CFR § 199.202 (Alcohol Misuse Plan).
- m. Peoples failed to document and record monthly inspections of no less than two fire extinguishers, after having been previously alerted to this issue by Pipeline Safety, as required by its procedures found at SOP 360.07. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies).
- n. Peoples failed to follow its written procedures for emergency responses and failed to train Call Center and Operations Center employees to assure that they are knowledgeable of the emergency procedures and verify that the training is effective, in that Call Center and Operations Center employees did not participate in Annual Emergency Simulations, Operations Center employees did not have specific Operations Center employee classroom training, and Call Center employee responsibilities during an emergency are not identified or defined in the Emergency Response Plan. If proven, this is a violation of 49 CFR § 192.605(a) (Procedural Manual for Operations,

Maintenance, and Emergencies) and 49 CFR § 192.615(b)(2) (Emergency Plans).

- o. Peoples 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).

**B. Position of Peoples**

31. Peoples carefully and thoroughly reviewed the allegations of I&E with respect to the incident. If Peoples had filed an Answer to the Complaint, Peoples would have denied the above-listed alleged violations and raised defenses and mitigating factors in support of its defense, including, but not limited to:

- a. Fundamentally, Peoples' investigation and emergency response was materially impacted by the actions of GJI. GJI, as an Excavator subject to Pennsylvania's One-Call Laws, did not employ prudent techniques while performing its Horizontal Directional Drilling activities within the tolerance zone (no appearance of hand-dug test holes)<sup>2</sup> to avoid interference with existing underground facilities. There was no evidence of GJI performing hand-dug test holes to ascertain the precise position of Peoples' facilities, as required by the One-Call Law. Peoples' customer serviceman's investigation was hindered by the lack of cooperation by GJI in, including but not limited to, failing to provide complete information to Peoples.
- b. After striking and boring through Peoples' natural gas facilities, GJI failed to: 1) contact 911, as required by the One-Call Law, 2) timely alert Peoples that GJI had struck a Peoples natural gas facility; 3) timely alert Peoples of an outside odor report of gas; 4) admit that GJI knowingly placed rags in the receiving bore pit hole before leaving the scene; 5) employ prudent excavation techniques before boring through Peoples' natural gas facilities and 6) meet its duty of care obligations to

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<sup>2</sup> Pennsylvania's "One Call Law" under Section 5(4), states that: "It shall be the duty of each excavator who intends to perform excavation or demolition work within this Commonwealth... Within the tolerance zone the excavator shall employ prudent techniques, which may include hand-dug test holes, vacuum excavation or similar devices to ascertain the precise position of such facilities."

provide notice of the fatal situation they created by their reprehensible actions and instead limited the information they provided about the situation.

- c. The allegations of the Complaint find fault not with Peoples' facilities or infrastructure, but with its personnel training, call center and response practices, records keeping, and monitoring of third party excavations, none of which played any factor in the tragedy that occurred on July 26, 2021. Nothing Peoples did or did not do contributed to the tragedy, the culpability for which lies solely with GJI. Peoples' customer serviceman took steps to evacuate the area beginning with 1306 Pennsylvania Avenue. No aspect of the Complaint alleges that Peoples contributed to the incident or failed to mitigate it.
- d. At all times, Peoples complied with its procedures found in its Emergency Response Plan, SOP 160.02, and Job Procedure 506. Peoples' personnel took all necessary actions to minimize hazards of released gas to life, property and the environment under the circumstances. Peoples avers that, if litigated, no violation of 49 CFR § 192.605(a) would be found.
- e. Peoples used every reasonable effort to properly warn and protect the public from danger and exercise reasonable care during its investigation of the incident under the circumstances. Peoples avers that, if litigated, no violation of 52 Pa. Code § 59.33 would be found.
- f. Under the circumstances, Peoples conducted and documented an appropriate post-emergency review of employee activities to confirm its procedures were adequately and effectively followed consistent with SOP 110.01 and SOP 130.01. Peoples avers that, if litigated, no violation of 49 CFR § 192.603(b), 49 CFR § 192.605(a) and 49 CFR § 192.615(b)(3) would be found.
- g. Peoples attempted to submit all required post-incident reports timely, however, Peoples experienced technical difficulties with the submission of the report. Under the circumstances, Peoples was unable to technically comply with its SOP 340.02, 49 CFR § 191.9(a), or 49 CFR § 192.605(a) regarding the timelines for documentation and submission of reports. Peoples was in the process of gathering pertinent information, but certain information needed to submit the required form was not available within 30 days due to the aforementioned circumstances.

- h. Peoples determined in its post-incident review that the actions of GJI caused the July 26, 2021 accident, as recognized by I&E in the complaint. Peoples avers that, if litigated, no violation of SOP 110.01, SOP 130.01, 49 CFR § 192.617(a) and (b) would be found.
- i. Under the circumstances, Peoples determined that none of its employees' performance either contributed to the accident or could be a contributing factor as GJI caused the July 26, 2021 accident. Peoples avers that, if litigated, no violation of any anti-drug or alcohol policy including Peoples SOP 130.01 or 49 CFR § 199.105, 49 CFR § 199.101, 49 CFR § 199.202, or 49 CFR § 199.225 would be found.
- j. Peoples did perform the inspections contemplated in SOP 360.07 and 49 CFR § 192.605(a), however two fire extinguishers monthly inspection reports were not documented. Peoples has instituted corrective actions to ensure documentation of all monthly fire extinguisher inspections takes place by personnel.
- k. Peoples' existing call center procedures defines the roles and responsibilities of call center employees. Training and modules on emergency response are provided to Call Center employees. Peoples avers that, if litigated, no violation of 49 CFR § 192.605 or 49 CFR § 192.615 would be found as Call Center employees are not required by law or procedure to participate in annual emergency simulations. Under the circumstances, Peoples took all reasonable efforts to protect life and property in response to a catastrophic accident caused by GJI's actions, despite GJI's active and knowing attempts to conceal its reckless conduct in striking the line.

32. Peoples continues to this day to furnish and maintain adequate, efficient, safe, and reasonable service and facilities and places the safety of its customers, employees, and the public as its top priority. Peoples avers that, if litigated, no violation of 66 Pa. C.S. § 1501 would be found. Had this matter been fully litigated rather than resolved through this Settlement, Peoples would have contended that it did not violate any provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations as stated above.

#### **IV. SETTLEMENT TERMS**

33. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest,<sup>3</sup> I&E and Peoples 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.

34. The Settlement is a compromise of a disputed complaint, which I&E intended to prove, and that Peoples intended to disprove. Peoples makes no admission of fault, wrongdoing, or liability herein and reserves its rights to dispute any and all issues of facts or law 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. This Settlement shall not be used by any other person or entity as a concession or admission of fact or law and is inadmissible in any other proceeding, including but not limited to any civil proceedings, under Rule 408 of the Pennsylvania Rules of Evidence. The settlement is not the result of any decision, adjudication, sworn testimony or evidentiary hearing before any tribunal.

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.

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<sup>3</sup> See 52 Pa. Code § 5.231(a).

36. I&E and Peoples, 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:**

Peoples will pay a civil penalty in the amount of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00) 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-2024-3050319, 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). Peoples will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding.

**B. Donation for the Purchase of Methane Detectors:**

In addition to the civil penalty described above, Peoples will make a donation in the amount of Fifty Thousand Dollars (\$50,000.00) to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents. Said donation will be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Settlement Agreement. Peoples will not seek recovery of any portion of any agreed upon total donation amount in any future ratemaking proceeding.

**C. Recovery of Costs to Implement:**

Peoples and I&E agree that any Settlement Agreement will not prohibit Peoples from seeking recovery of the costs it has incurred or may incur to implement the remedial actions identified in this Settlement.

**D. Call Center Procedures and Responses:**

Peoples will add language to its Call Center training materials and procedures that requires Call Center employees to ask the caller if they potentially damaged a Peoples facility when the caller indicates that they are a contractor. If the contractor's answer is yes or unknown, the Peoples' Call Center employee shall instruct the caller to contact 911. Further, Peoples will add language to its Operations Center training materials and procedures that after dispatching the emergency Order for a potential pipeline damage, Peoples' Operations Center employees are required to call 911 to confirm that they were notified of potential pipeline damage and advise 911 that the Company is responding to a broken line.

**E. Responding to Outdoor Leak Emergencies:**

When responding to an outdoor leak emergency, if an on-site Peoples representative discovers suspected damage to its facilities during the course of the on-site investigation, the Peoples representative will notify its Operations Center to contact 911, as soon as safely and reasonably possible.

**F. Complete Documentation:**

Peoples will complete documentation (electronic or otherwise) of the initial site visit based on the best information available at that time and within a reasonable time after Peoples has deemed the situation safe.

**G. Drug and Alcohol Testing:**

Pursuant to the requirements in 49 CFR Part 199, if Peoples has an employee onsite at the time of a PHMSA reportable incident, Peoples will (a) test each surviving covered employee whose performance of a covered function either contributed to the accident or cannot be completely discounted as a contributing factor to the incident; or (b) to document its decision not to test a covered employee.

**H. Review of Leak Investigation Procedures:**

Peoples will review its standard operating procedures, job procedures, and trainings related to leak investigations to ensure consistency across all Peoples documentation. Thereafter, the Company agrees to reconcile any inconsistencies across its procedures and trainings within twelve (12) months following the date of a Final Commission Order in this proceeding.

**I. Retaining a Third-Party for Development of Trainings:**

Peoples will retain a third-party consultant to compile all procedures and trainings related to emergency responses and develop trainings that are consistent with each other and the emergency response procedures in place. Peoples will engage the third-party consultant within three (3) months of a Final Commission Order in this proceeding.

**J. Update Procedures Related to Evacuating and Contacting 911:**

Peoples will update its procedures and trainings to provide detailed directions and indicate under what circumstances evacuating and contacting 911 emergency services is a necessary safety measure. The Company will initiate training related to these updated procedures within six (6) months of the updates.

**K. Training on Updated Emergency Response Procedures:**

Peoples will provide training for any updated processes or procedures related to emergency response within six (6) months of the effective date of any changes to said processes and procedures.

**L. Submission of Incident Reports Pursuant to 49 CFR § 191.9:**

Peoples will gather all required data for submission of a complete incident report electronically, as required under 49 CFR § 191.9. Peoples will use “best available” information at the time of submission to complete the electronic incident reports. As more information becomes available, Peoples agrees to file supplemental updates to the incident reports.

**M. Collaboration with Electric Distribution Companies:**

Peoples agrees to document when a request is made to the involved electric distribution company (“EDC”) to shut off power to impacted premises. Peoples agrees to document when it determines and communicates to the EDC that it is safe to restore power to those premises. Peoples will actively engage with EDCs, in its service areas, to promote collaboration in responding to natural gas incidents.

**N. Emergency Simulations:**

Peoples will conduct emergency simulations for its Operation Center employees and for its Customer Contact Center employees on an ongoing basis, consistent with its procedures. The first emergency simulation, involving Operations Center employees and Customer Contact Center

employees, will occur within six (6) months of a Final Commission Order in this proceeding.

**O. Evaluation of Emergency Simulations and Trainings:**

Peoples will enhance its annual Emergency Simulation training to evaluate the effectiveness of the simulations. The evaluation will be a combination of a quality assurance (“QA”) analysis of the presentation and engagement of the exercise by the Compliance department, and a proficiency review of the field employees participating in the training. The QA analysis will evaluate the level of interactive participation by the employees and grade their ability to identify the appropriate procedures and actions necessary to respond to the emergency. Following the exercise, the employees will be tested to evaluate proficiency of their specific functional areas (i.e., FCS, O&M, GM&R, Leak Survey, etc.) related to the simulation.

Peoples will invite Pipeline Safety to observe trainings and simulations. After observing a training or simulation, Pipeline Safety personnel will be afforded the opportunity to provide comment, suggestions, or feedback for improvement to trainings and simulations to Peoples. With the intention of improving its emergency response training, Peoples will give due consideration to any comments, suggestions, or feedback received from Pipeline Safety.

**P. Monitored Excavation Inspections:**

Peoples will perform periodic Monitored Excavation Inspections of the trenchless excavations it has direct notice or observation of, based on a risk-based approach in connection with a PA One Call ticket(s). During a Monitored Excavation Inspection of a PA One Call ticket that involves trenchless technology, Peoples agrees to verify that the contractor has employed prudent techniques to verify the location of the gas facilities potentially impacted. If the contractor fails to follow the requirement to employ prudent techniques, Peoples will take the following actions:

- Communicate with the contractor the One Call requirements to verify the position of the gas facilities during trenchless excavations;
- Submit an AVR to the Damage Prevention Council of notice of failure by the contractor to verify the position of the gas facilities during trenchless excavation;
- Document the conversation with the contractor and the

submission of an AVR; and

- Generate a follow-up work order to revisit the project to verify the contractor adheres to the PA One-Call Law requirements for additional trenchless activity.

When attending a Complex Project pre-construction meeting, Peoples will question the project owner as to whether excavation includes trenchless technology to identify and flag the ticket as "trenchless."

**Q. Implementation of Incident Command System (“ICS”) Training:**

Peoples will implement Incident Command System (“ICS”) Training for certain necessary job functions related to emergency response within six (6) months of a Final Commission Order in this proceeding.

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 Peoples at the Commission with respect to the allegations that were the subject of I&E’s instant Complaint.

38. Following the performance of the non-monetary, remedial measures referenced above, Peoples 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 Peoples jointly acknowledge that approval of this Settlement Agreement, without modification, 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 B** and **C** are Statements in Support submitted by I&E and Peoples, 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-2024-3050319. 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 a presiding ALJ were to issue 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. It is further understood that, by entering into this Settlement Agreement, Peoples 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 factual and legal

positions in any other proceeding but is conclusive in this proceeding and may not be used or 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 Peoples Natural Gas Company LLC 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]

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

By: \_\_\_\_\_



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Prosecutor  
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Date: January 17, 2025

Respectfully Submitted,

Peoples Natural Gas Company LLC

By: \_\_\_\_\_

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*Attorneys for Peoples Natural Gas Company  
LLC*

Date: January 17, 2025

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

Respectfully Submitted,

Peoples Natural Gas Company LLC

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Date:

*Attorneys for Peoples Natural Gas Company  
LLC*

Date: January 17, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
 :  
v. : Docket No. C-2024-3050319  
 :  
Peoples Natural Gas Company LLC :

**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. Peoples 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. Peoples, 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 December 28, 2023, revised the maximum civil penalty to Two Hundred Sixty-Six Thousand, Fifteen Dollars (\$266,015.00) for each violation for each day the violation continues, with a maximum penalty not to exceed Two Million, Six Hundred Sixty Thousand, One Hundred Thirty-Five Dollars (\$2,660,135.00) for a related series of violations. 84 Fed. Reg. 89560 (Dec. 28, 2023).

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 Peoples, including the \$325,000 civil penalty, \$50,000 donation, and numerous remedial measures 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 January 17, 2025 between the Commission’s Bureau of Investigation and Enforcement and Peoples Natural Gas Company LLC 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, Peoples Natural Gas Company LLC will pay a civil penalty of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00). 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 Peoples Natural Gas Company LLC’s customers in Pennsylvania.

4. Peoples will a make a donation in the amount of Fifty Thousand Dollars (\$50,000.00) to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents. Said donation will be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Settlement

Agreement. The donation will not be passed through as an additional charge to Peoples Natural Gas Company LLC's customers in Pennsylvania.

5. That upon fulfillment of the non-monetary, remedial measures set forth in Paragraph 36 of the Joint Petition for Settlement, Peoples Natural Gas Company LLC will file with the Commission a verification acknowledging compliance with each non-monetary remedial measure, pursuant to 52 Pa. Code § 5.591.

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

7. 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-2024-3050319  
 :  
Peoples Natural Gas Company LLC :

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

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TO ADMINISTRATIVE LAW JUDGE JEFFREY WATSON:

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 Peoples Natural Gas Company LLC ("Peoples," "Respondent," or "Company").<sup>1</sup> 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.

**I. Background**

I&E's Pipeline Safety Division conducted an in-depth investigation of a natural gas explosion that occurred on July 26, 2021, at 1306 Pennsylvania Avenue, Tyrone, Pennsylvania. The explosion resulted in one fatality, four injuries, complete destruction of

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<sup>1</sup> I&E and Peoples are collectively referred to herein as the "Parties."

one residence (1306 Pennsylvania Avenue), severe damage to a second residence (1308 Pennsylvania Avenue), and fire damage to a third residence (1310 Pennsylvania Avenue). The results of the investigation formed the basis for the allegations set forth in I&E’s Formal Complaint (“Complaint”), which was filed on July 26, 2024.

The crux of I&E’s Complaint alleged that Peoples failed to take necessary actions to minimize the hazards of released gas, failed to use every reasonable effort to protect public from danger, failed to train its Call Center and Operations Center employees on its Emergency Response Plan, failed to submit the Department of Transportation Form RSPA F 7100.1, failed to conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate, failed to have a root cause analysis developed, and failed to conduct post-accident drug and alcohol testing of its employee or document the decision not to administer the test, 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 § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) in that Peoples failed to follow Peoples’s procedures found at Emergency Response Plan, SOP 160.02, Job Procedure 506, and GD 06-002, in that Peoples did not take the necessary actions to minimize hazards of released gas to life, property, or the environment by contacting 911 emergency

services, shutting off gas to the distribution pipeline, establishing a restricted area around the incident location, or evacuating nearby residences;

- b. 52 Pa. Code § 59.33(a) (Gas Service - Safety) in that Peoples failed to use every reasonable effort to properly warn and protect the public from danger, or exercise reasonable care to reduce the hazards to which employees, customers and others may be subjected to by reason of its equipment and facilities, in that Peoples failed to contact 911 emergency services, shut off gas to the distribution pipeline, establish a restricted area around the incident location, or evacuate nearby residences;
- c. 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) and 49 CFR § 192.615(b)(3) (Emergency Plans) in that Peoples failed to conduct a post-emergency review of employee activities to determine if its procedures were adequately and effectively followed, as required by 49 CFR § 192.615 and Peoples's procedures found at Emergency Response Plan, SOP 110.01, and SOP 130.01;
- d. 49 CFR § 192.603(b) (General Provisions) in that Peoples failed document or keep records of a post-emergency review of employee activities to determine if its procedures were adequately and effectively followed;
- e. 49 CFR § 191.9(a) (Distribution System: Incident Report) and 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) in that Peoples failed to submit Department of Transportation Form RSPA F 7100.1 to PHMSA within thirty (30) days of the incident as required by 49 CFR § 191.9 and its procedures found at SOP 340.02 and Peoples failed to gather all required data regarding the incident in a timely and effective manner for preparation and completion of Department of Transportation Form RSPA F 7100.1, as required by its procedures found at SOP 340.02;
- f. 49 CFR § 192.617(a) (Investigation of Failures and Incidents) in that Peoples and its third party consultant, Romualdi, Davidson, & Associates ("RDA"), failed to complete its investigation of the incident and create a report, which determines the root cause of the failure, evaluates employee actions and the initial response to the accident, determines the need for system improvements and improvements in response, management, and investigation of accidents, and determines how to minimize the possibility of recurrence, as required by Peoples's procedures found at Emergency Response Plan, SOP 110.01, and SOP 130.01;
- g. 49 CFR § 192.617(b) (Investigation of Failures and Incidents) in that Peoples and its third-party consultant, RDA, failed to develop a post-incident review, or root cause analysis of the incident, and failed to develop, implement, and incorporate lessons learned from that post-incident review into Peoples's

written procedures, including personnel training and qualification programs, and design, construction, testing, maintenance, operations, and emergency procedure manuals and specifications;

- h. 49 CFR § 199.105(b) (Drug Tests Required) and 49 CFR § 199.101(a) (Anti-drug Plan) in that Peoples failed to conduct a post-accident drug test of Peoples Customer Serviceman within thirty-two (32) hours following the accident, as required by 49 CFR § 199.105 and Peoples's procedures found at SOP 130.01, Anit-Drug Plan, and Emergency Response Plan and Peoples failed to prepare and maintain its decision stating the reasons why a post-accident drug test of Peoples Customer Serviceman was not conducted within thirty-two (32) hours of the accident, as required by 49 CFR § 199.105 and Peoples's procedures found at SOP 130.01 and Anit-Drug Plan;
- i. 49 CFR § 199.225(a) (Alcohol Tests Required) and 49 CFR § 199.202 (Alcohol Misuse Plan) in that Peoples failed to conduct a post-accident alcohol test of Peoples Customer Serviceman within eight (8) hours following the accident, as required by 49 CFR § 199.225 and Peoples's procedures found at SOP 130.01, Alcohol Plan, and Emergency Response Plan and Peoples failed to prepare and maintain its decision stating the reasons why a post-accident alcohol test of Peoples Customer Serviceman was not conducted within eight (8) hours of the accident, as required by 49 CFR § 199.225 and Peoples's procedures found at SOP 130.01 and Alcohol Plan;
- j. 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) in that Peoples failed to document and record monthly inspections of no less than two fire extinguishers, after having been previously alerted to this issue by Pipeline Safety, as required by its procedures found at SOP 360.07; and
- k. 49 CFR § 192.605(a) (Procedural Manual for Operations, Maintenance, and Emergencies) and 49 CFR § 192.615(b)(2) (Emergency Plans) in that Peoples failed to follow its written procedures for emergency responses and failed to train Call Center and Operations Center employees to assure that they are knowledgeable of the emergency procedures and verify that the training is effective, in that Call Center and Operations Center employees did not participate in Annual Emergency Simulations, Operations Center employees did not have specific Operations Center employee classroom training, and Call Center employee responsibilities during an emergency are not identified or defined in the Emergency Response Plan.

I&E's Complaint sought relief in the form of a civil penalty of \$800,000.00, as well as a number of corrective measures designed to improve safety and emergency response procedures, improved emergency response training, and increase inspections of trenchless

excavations.

On August 7, 2024, Peoples filed an Unopposed Motion for Extension of Time to File an Answer, which was granted by the Commission's Secretary on the same day. On September 11, 2024, Peoples filed a second Unopposed Motion for Extension of Time to File an Answer, which was granted the following day. On October 15, 2024, Peoples filed a third Unopposed Motion for Extension of Time to File an Answer, which was granted on the same day. On October 18, 2024, Peoples filed a Motion for Extension of Time to File Joint Petition for Settlement, after the Parties reached a settlement in principle on all issues at this docket. At the time of the filing of this Settlement, Peoples has not filed an Answer to the Formal Complaint.

On January 17, 2025, the Parties filed a Joint Petition for Approval of Settlement in the instant matter resolving all issues between I&E and Peoples. 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. Peoples has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist Peoples 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 safety and emergency response procedures, improved emergency response

training, increased inspections of trenchless excavations, and the purchase and distribution of methane detectors to businesses and residences in the Tyrone, PA, area. I&E's Pipeline Safety Division believes that methane detectors, under a cost-benefit analysis, are one of the most valuable safety measures that can help protect customers in the event of a natural gas leak.

I&E intended to prove the factual allegations set forth in its Formal Complaint at hearing and which Peoples 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 that may not have been obtained through litigation, as well as a substantial civil penalty. In evaluating whether this Settlement is in the public interest, it is important to note that many of the remedial measures agreed to by the Company in this Settlement Agreement include valuable safety enhancements that go above and beyond what the Company could be required to implement should the matter be litigated and a decision rendered based solely on provisions of the relevant state and federal regulations. This Settlement Agreement provides a long-term solution with safety enhancements that go well beyond finding a violation and imposing a fine. 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 Peoples have agreed to a substantial civil penalty and extensive remedial measures that may not have been obtainable through litigation 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. Peoples will pay a civil penalty of Three Hundred Twenty-Five Thousand Dollars \$325,000, which will not be tax deductible or recovered in any future rate making proceeding (Paragraph 36(A));
2. Peoples will make a donation in the amount of Fifty Thousand Dollars (\$50,000.00) to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents, which will not be recovered in any future rate making proceeding (Paragraph 36(B));
3. Peoples will improve its Call Center and Operations Center procedures and trainings as it relates to responding to possible excavation damage (Paragraph 36(D));
4. Peoples will require that a Peoples representative, upon discovering excavation damage, will notify the Operations Center to contact 911 (Paragraph 36(E));
5. Peoples will complete documentation (electronic or otherwise) of the initial site visit based on the best information available at that time and within a reasonable time after Peoples has deemed the situation safe (Paragraph 36(F));
6. Peoples will drug and alcohol test each surviving covered employee whose performance of a covered function either contributed to the accident or cannot be completely discounted as a contributing factor to the incident and will document its decision not to test a covered employee. (Paragraph 36(G));
7. Peoples will review its standard operating procedures, job procedures, and trainings related to leak investigations to ensure consistency across all Peoples documentation and will reconcile any inconsistencies (Paragraph 36(H));
8. Peoples will retain a third-party consultant to compile all procedures and trainings related to emergency responses and develop trainings that are consistent with each other and the emergency response procedures in place (Paragraph 36(I));

9. Peoples will update its procedures and trainings to provide detailed directions and indicate under what circumstances evacuations and contacting 911 emergency services is a necessary safety measure (Paragraph 36(J));
10. Peoples will provide training for any updated processes or procedures related to emergency response (Paragraph 36(K));
11. Peoples will gather all required data for submitting a complete incident report electronically, as required under 49 CFR § 191.9 and will use “best available” information at the time of submission to complete the electronic incident reports (Paragraph 36(L));
12. Peoples will document its request to the electric provider to shut off and restore power. Peoples will also actively engage with electric distribution companies to promote collaboration in responding to natural gas incidents (Paragraph 36(M));
13. Peoples will conduct emergency simulations for its Operation Center and Customer Contact Center employees on an ongoing basis (Paragraph 36(N));
14. Peoples will evaluate effectiveness of its Emergency Simulation trainings and invite Pipeline Safety to observe trainings and simulations for the purpose of providing feedback (Paragraph 36(O));
15. Peoples will perform periodic Monitored Excavation Inspections of the trenchless excavations it has direct notice or observation of, based on a risk-based approach (Paragraph 36(P)); and
16. Peoples will implement Incident Command System (ICS) Training for certain necessary job functions related to emergency response (Paragraph 36(Q)).

In consideration of Peoples’s payment of a civil penalty and numerous remedial measures, that may not have been obtainable through litigation, I&E agrees that it has released Peoples from all past claims that were or could have been made for monetary and/or other relief based on allegations associated with the explosion at 1306 Pennsylvania Avenue, Tyrone, Pennsylvania, on July 26, 2021.

#### 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 involve willful fraud or misrepresentation, but is of a more serious nature than a mere administrative error. I&E alleges that Peoples’s conduct includes the following: (1) failed to take necessary actions to minimize the hazards of released gas; (2) failed to use every reasonable effort to protect public from danger; (3) failed to train its Call Center and Operations Center employees on its Emergency Response Plan; (4) failed to submit the Department of Transportation Form RSPA F 7100.1; (5) failed to conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate; (6) failed to have a root cause analysis developed; (7) failed to conduct post-accident drug and alcohol testing of its employee or document the decision not to administer the test; and (8) the aforementioned failures created an unsafe and hazardous condition. I&E notes that it has not alleged that Peoples was the direct or proximate cause of the excavation damage or gas leak.

I&E submits that any conduct involving an emergency response to a gas leak should be taken seriously due to the inherent danger involved when pipelines leak, rupture, or otherwise fail, as evidenced by the instant gas explosion. Further, the actions and inactions of Peoples 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 Peoples'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). The consequences in this case include one fatality, four injuries, complete destruction of one residence, severe damage to a second residence, and fire damage to a third residence. As I&E has alleged, Peoples's failure to train its personnel on emergency response procedures, failure to follow its procedures in response to an emergency, and its failure to conduct required post-incident review and testing, resulted the safety of its customers, employees, and the public being placed in danger.

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 Peoples's service and facilities, especially as it pertains to the improved training of its employees to respond to emergencies, improved procedures related to emergency and excavation damage responses, and proactive collaboration with electric companies and inspections of trenchless excavations.

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 Peoples'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 Peoples 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 July 26, 2021 incident, Peoples has engaged in appropriate measures to correct the conduct at issue and prevent similar future conduct. Peoples has taken and agrees to take further remedial action. A comprehensive list of the remedial actions that Peoples 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) reviewing procedures and trainings to ensure consistency; (2) improving its training and procedures related to emergency responses, evacuations, contacting 911, and excavation damage; (3) improved information gathering and review post-incident; (4) collaboration with electric distribution companies; (5) evaluation of its emergency trainings and simulations; (6) increased monitoring and inspections of trenchless excavations; and (7) implementation of Incident Command System training.

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 Peoples 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. Some of these remedial actions may not have been obtainable through litigation and demonstrate that Peoples 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 a four-block radius around the incident site and gas and electric services were restored relatively quickly.

The sixth factor to be considered relates to the compliance history of Peoples. 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.* Peoples has had two instances of compliance issues in the preceding 10-year time period,<sup>2</sup> as discussed below. It should be noted that the \$325,000 civil penalty assessed in this settlement is the largest civil penalty that has been assessed to Peoples.

In *Pa. Pub. Util. Comm'n v. Peoples Natural Gas Company LLC*, Docket No. M-2022-3028365 (Order entered August 4, 2022) Peoples paid a civil penalty in the amount of \$195,000 in connection with the failure of a temporary regulator station that resulted in a natural gas leak and service outages. In that matter, I&E's investigation determined that the conduct of Peoples included the following: (1) failure to construct the temporary meter station in accordance with comprehensive written specifications or standards; (2) the temporary meter station was constructed in a manner that it failed to maintain structural integrity; (3) use of plastic piping that was not designed with enough flexibility to prevent thermal expansion or contraction from causing excessive stresses on the coupling; (4) failure

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<sup>2</sup> The Commission limited the review of the compliance history of a long-time certificated natural gas public utility to the past ten-years when the matter concerned alleged gas safety violations. *Pa. Pub. Util. Comm'n, Bureau of Investigation and Enforcement v. UGI Utilities, Inc. – Gas Division*, Docket No. C-2018-3005151 (Order entered October 29, 2020) at 27.

to take all practicable steps to protect the temporary meter station from unstable soil or other hazards that may cause the pipeline to move or sustain abnormal loads; (5) failed to place line markers around the perimeter of the station and to indicate the underground location of the inlet and outlet pipeline; (6) failed to install the temporary meter station in a manner that minimized shear or tensile stresses; and (7) failed to protect the temporary meter station from accidental vehicular damage.

In *Pa. Pub. Util. Comm'n v. Peoples Natural Gas Company LLC*, Docket No. M-2023-3024990 (Order entered May 9, 2024), Peoples paid a civil penalty in the amount of \$250,000 in connection with an over-pressurization event that occurred in Peoples' distribution system serving Robinson, Pennsylvania. I&E's investigation, in that matter, determined that the conduct of Peoples included the following: (1) failure to have sufficient safety standards to protect against accidental overpressure; (2) failure to establish sufficient training materials; (3) operating steel or plastic pipelines in excess of maximum operating pressure; and (4) failure to ensure employees have the necessary knowledge and skills to safely perform such tasks.

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.* Since the filing of the Complaint, Peoples has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist Peoples in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process. Together, the Parties have agreed on safety enhancements without the need for lengthy

litigation. The Parties further determined that it was in their respective best interest, as well as in the public interest, to settle this matter and to reach an amicable agreement as to an appropriate civil penalty amount that adequately balances all the relevant interests under the circumstances of this case and given the capital expenditures anticipated as a result of the non-monetary remedial measures to be implemented by the Company. A fair and equitable civil penalty has been reached in this Settlement Agreement without the need to pursue lengthy litigation.

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 Peoples's conduct and the nature of the resulting consequences, a civil penalty amount of \$325,000.00, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty payment in this case. I&E further submits that the \$50,000 donation to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents, in addition to the monetary cost of Peoples's performance of all of the remedial measures is sufficient to deter Peoples 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. Some remedial actions agreed to in a settlement may not always be obtainable if a matter is fully litigated. 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: January 17, 2025



The natural gas incident that occurred on the 1300 block of Pennsylvania Avenue, Tyrone, Pennsylvania on July 26, 2021 was a tragedy. However, it was not a tragedy caused by any action of Peoples. On July 26, 2021, Peoples was alerted by Glenn Johnston, Inc. (“GJI”) of an “outside odor” of gas on the 1300 block of Pennsylvania Avenue, without any other details. After receiving the report, Peoples dispatched the appropriate personnel to investigate the outside odor of gas reported. The reality of the tragic situation, however, was much different than what GJI relayed. There was not simply an outside odor to report – GJI had catastrophically struck and bored through Peoples main during trenchless excavation activities creating a 2-inch hole in the main that set in motion a chain of events leaving Peoples to respond to an incident far beyond the scope of what they had been told.

At no point on July 26, 2021 did GJI report to Peoples that GJI catastrophically drilled a 2-inch hole through Peoples’ gas main when Horizontal Directional Drilling. In fact, GJI did not even inform Peoples that it struck the main at all. At no point on July 26, 2021 did GJI exercise due care or employ prudent techniques within the tolerance zone of Peoples marked facilities (i.e. using hand-dug test holes as provided under the PA One Call Law). Further, upon the arrival of Peoples’ customer serviceman, GJI failed again to inform Peoples that GJI struck the line or that GJI undertook various self-help measures that hindered Peoples emergency response efforts, including inserting rags in the receiving pit bore hole. GJI then left the scene, leaving Peoples’ serviceman to investigate what he thought was only an outside odor. In reality, Peoples was responding to a catastrophic third-party line strike without any knowledge that its facilities were damaged due to GJI’s failure to inform Peoples of the facts stated above.

With this backdrop, the complaint filed by I&E against Peoples asks the Commission to find fault not with Peoples’ facilities or infrastructure, but with its personnel training, call center

and response practices, record keeping, and monitoring of third party excavations, none of which played any factor in the tragedy that occurred on July 26, 2021. If litigated, Peoples believes that it would have proven that the allegations raised by I&E were unwarranted. Peoples' actions were, at all times prior to, during and following the incident, in full compliance with its established practices and procedures, written documents that had been previously reviewed and approved by I&E and compliant with state and federal pipeline safety laws and regulations.

However, in light of the significant negotiations with I&E, Peoples believes that settlement of this matter is appropriate to reach an amicable resolution that will benefit the public interest.

## **II. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED WITHOUT MODIFICATION**

The Commission seeks to promote settlements. 52 Pa. Code § 5.231(a). The Settlement, once approved, will resolve all issues related to the I&E complaint resulting from the July 26, 2021 incident. The complaint avers that, in connection with the incident, Peoples allegedly committed violations of the Public Utility Code and federal pipeline safety standards. Based on these allegations, the complaint requested that the Commission order Peoples to pay a civil penalty, and to make various changes to its personnel training and procedures, post-incident review procedures, and personnel vehicle equipment inspection record keeping.

Throughout the investigation and settlement discussions, Peoples has been cooperative and proactive with I&E by identifying and enhancing practices and procedures related to personnel training and procedures, post-incident review, and equipment inspection recordkeeping supplementing Peoples' already safe and reliable service. Many of the agreed upon, supplemental changes have been implemented by Peoples already, in accordance with

detailed technical discussion with I&E in the interest of continuous enhancement of Peoples' safe and reliable service to the public.

Further, Peoples has made a substantial financial concession to I&E in the form of both a substantial civil penalty and a donation to Tyrone, PA local fire departments. Finally, the terms of the Settlement favorably align with the ten factors that may be considered under the Commission's policy statement at 52 Pa. Code § 69.1201(c).

#### **A. DESCRIPTION OF THE SETTLEMENT**

In agreeing to the Settlement, Peoples is not accepting the validity of the allegations set forth in I&E's complaint. The Settlement reflects a compromise between I&E and Peoples concerning the claims raised in the complaint. Peoples maintains that I&E would have been unable to show that Peoples violated provision of federal regulations, the Public Utility Code, PUC regulations, or Peoples' operating procedures. Peoples has agreed to the following measures to be implemented upon approval of the Settlement, including:

##### **1. Civil Penalty**

While Peoples believes that culpability for the catastrophic event falls squarely on GJI, Peoples will make a payment of a civil penalty in the amount of \$325,000.00 that is not subject to cost recovery. See Joint Petition, ¶ 36(A), (C).

##### **2. Donation for Purchase of Methane Detectors for Distribution by Tyrone, PA Fire Departments**

Peoples has agreed to make a \$50,000.00 donation to Tyrone PA fire departments for the purchase and distribution of methane detectors for local businesses and residents. This donation is not subject to cost recovery. While methane detectors would not have prevented the catastrophic accident GJI caused, methane detectors can improve the safety of the community. Through Peoples' existing networks with local emergency response personnel, Peoples believes

that distribution of methane detectors will provide affirmative public benefits. See Joint Petition, ¶ 36(B), (C).

3. Call Center Procedures, Responses, and Supplemental Training for Personnel

Peoples has agreed to supplemental actions and training for call center and operations personnel, supplemental emergency response training, and supplemental emergency simulation training for responding to outdoor leak emergencies. See Joint Petition, ¶ 36 (D), (I), (J), (K), (N), (O), and (Q).

First, Peoples has agreed to add supplemental language to its Call Center training and procedures. Peoples' existing training and procedures defines the roles and responsibilities of call center employees. Training and modules on emergency response are currently provided to Call Center employees. Peoples avers that, if litigated, no violation of 49 CFR § 192.605 or 49 CFR § 192.615 would be found as Call Center employees are not required by law or procedure to participate in annual emergency simulations. Under the circumstances of July 26, 2021, Peoples' call center took all reasonable efforts to protect life and property where GJI's actions caused a catastrophic accident to occur and then covered up its actions.

Through the Settlement, Peoples has agreed to add supplemental language and training for Call Center personnel to include requirements that will enhance existing training and response. Specifically, the supplemental Call Center procedures will include asking the caller if they potentially damaged a Peoples facility when they indicated that they are a contractor or excavator working near Peoples facilities. Peoples believes this will encourage less than honest excavators like GJI to provide transparent and complete details in the event of an incident they cause.

Peoples has also agreed to add language to its Operations Center training and procedures that will require an employee from the Peoples Operations Center when alerted to a damaged line to contact emergency responders this will allow those in the field to continue to make an emergent situation safe. Additionally, when a Peoples representative discovers suspected damage during the course of an on-site investigation, the Peoples representative will communicate that detail to the Operations Center who will contact 911 as a central office point of contact. Peoples also agreed to retain a third-party consultant to compile procedures and supplemental trainings for emergency response. Specifically for supplemental training, Peoples agreed to provide additional emergency simulations with Operations and Customer Contact Center Employees. Lastly, Peoples has agreed to implement Incident Command System Training for necessary job functions related to emergency response. Peoples has agreed to implement these supplemental training, simulations, and procedures as part of its continuous efforts to enhance its already safe and reliable service to the public.

4. Outdoor Leak Emergency Response Procedures, Documentation, Post-Incident Activities, and Reporting.

Peoples has agreed to supplement actions, documentation, procedures, and reporting when responding to outdoor leak emergencies. See Joint Petition, ¶ 36(E), (F), (G), (H), and (L).

Regarding Peoples' response to outdoor leak emergencies, it is Peoples' position that it complied with its procedures found in its Emergency Response Plan, SOP 160.02, Job Procedure 506 on the date of the incident. Peoples' personnel took all necessary actions to minimize hazards of released gas to life, property and the environment under the circumstances. Peoples avers that, if litigated, no violation of 49 CFR § 192.605(a) or 52 Pa. Code § 59.33 would be found.

For Peoples' post-incident drug or alcohol testing, Peoples determined that none of its employees' actions either contributed to the accident or could be a contributing factor as GJI caused the July 26, 2021 accident. Peoples avers that, if litigated, no violation of any anti-drug or alcohol policy including Peoples SOP 130.01 or 49 CFR § 199.105, 49 CFR § 199.101, 49 CFR § 199.202, or 49 CFR § 199.225 would be found.

For Peoples' documentation of the events and equipment inspection records, Peoples conducted and documented an appropriate post-emergency review of employee activities to confirm its procedures were adequately and effectively followed consistent with SOP 110.01, SOP 130.01, SOP 360.07. Peoples avers that, if litigated, no violation of 49 CFR § 191.9(a), 49 CFR § 192.603(b), 49 CFR § 192.605(a) and 49 CFR § 192.615(b)(3) would be found.

Through the Settlement, Peoples has agreed to supplemental actions, documentation, procedures, and reporting for outdoor leak emergencies and related tasks. Notably, Peoples has already implemented many of these supplements as part of its continuous enhancement efforts. Peoples believes that the supplemental initiatives, once implemented, will ensure further actions and documentation is undertaken by Peoples under appropriate circumstances.

##### 5. Collaboration with Electric Distribution Companies

Peoples has agreed to enhance collaboration to actively engage with electric distribution companies ("EDCs") to encourage enhanced communications as well as documenting when Peoples sends an electricity shut-off request to an EDC. See Joint Petition, ¶ 36(M). While not a direct remedy to any allegation of the complaint, Peoples believes that enhancing collaboration between energy providers will benefit incident response.

6. Periodic Monitored Excavation Inspections for Known Trenchless Excavations.

Peoples has agreed to perform periodic monitored excavation inspections when it has direct notice of, or observes, trenchless excavations occurring on a risk-based approach in connection with PA One Call tickets. The periodic inspections will help to ensure that proper techniques are being used by trenchless excavators, including that prudent hand-dug test hole techniques (or similar prudent techniques) are employed during trenchless excavation activities to confirm the precise location of gas facilities. Peoples believes that increased monitoring of trenchless excavations will encourage the excavator community to always perform their work in and around Peoples' facilities as safely as possible in order to protect life and property. See Joint Petition, ¶ 36(P).

**III. THE COMMISSION SHOULD APPROVE THE SETTLEMENT WITHOUT MODIFICATION AS IN THE PUBLIC INTEREST AND CONSISTENT WITH THE COMMISSION'S POLICY STATEMENT.**

The Commission seeks to promote settlements. 52 Pa. Code § 5.231(a). The primary criteria for approval of a settlement is whether it is in the public interest. *PUC v. PGW*, Docket No. C-2022-3033834, Opinion and Order 44-47 (Order entered January 8, 2025); 52 Pa. Code § 69.1201 (“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.”).

In determining if a settlement is in the public interest, the Commission considers factors and standards set forth at 52 Pa. Code § 69.1201(c). The Commission uses these factors and standards in determining if a fine for violating a regulation or statute is appropriate, as well as if a proposed settlement is reasonable and in the public interest. *Id.* Peoples is confident that the settlement adequately satisfies all of those relevant standards, discussed below.

1. Nature Of The Conduct

The conduct at issue deals with public safety, a most serious subject. As detailed above, Peoples' procedures and conduct complied with all legal and regulatory requirements and, at all times, were followed by Peoples personnel. The incident itself was not created by any action of Peoples' whatsoever. Rather, it was GJI's actions that caused the flow of leaking gas that placed others in danger and GJI's failure to provide Peoples with transparent and accurate information about its actions that set in motion the tragic chain of events. GJI not only created a dangerous situation through their actions, but also hindered the ability of others, especially Peoples to respond effectively by knowingly covering-up their employees' actions and providing incomplete and inaccurate information to Peoples. Peoples conduct did not and could not have caused the unfortunate, tragic events on July 26, 2021.

Regardless, the Settlement advances public safety by supplementing Peoples emergency response procedures, training, simulations, collaboration with EDCs, and periodic trenchless excavation monitoring which Peoples has agreed to in its continued enhancement efforts to provide the highest quality of service to the public.

2. The Resulting Consequences

As noted above, there is no dispute that the incident was very serious and tragic. However, it was not caused by any violations of the Public Utility Code, PUC regulations or PHMSA regulations by Peoples. There is no basis for a finding that Peoples' actions either caused or contributed to the incident based on the facts alleged by I&E.

3. Unintentional Conduct

Whether the conduct was intentional or unintentional is a factor that pertains only to litigated proceedings, 52 Pa. Code § 69.1201(c)(3), but there has been no suggestion of intentional wrongdoing by Peoples.

4. Internal Practice and Procedures

Peoples' makes safety its highest priority and is continually looking for ways to enhance its practices and procedures to ensure the highest standards are met. As detailed above, Peoples' procedures complied with legal and regulatory requirements, were previously reviewed and approved by I&E, and at all times were followed by Peoples' personnel during the events on July 26, 2021. That said, Peoples and I&E agree that supplemental practices, training, and simulations will benefit Peoples and the public. As such, Peoples has either already implemented or has agreed to implement each supplemental internal practice and procedure after negotiation with I&E.

5. Impact on Customers

The next factor relates to the number of customers affected and the duration of the violation. 52 Pa. Code § 69.1201(c)(5). Following the incident, the natural gas infrastructure was made safe and only a handful of customers were without service for a short period of time.

6. Compliance History of Peoples

Peoples makes good faith efforts to comply with the Public Utility Code, PUC regulations and PHMSA regulations, and submits that it has an excellent safety record with the Commission. Upon belief, Peoples' record of safety meets or exceeds industry standards.

7. Cooperation by Peoples

Peoples fully cooperated with I&E and its response to the incident was forthright and transparent. None of the facts establish bad faith, active concealment of violations, or attempts to interfere with the investigations of I&E on the part of Peoples.

8. Deterrence Of Future Violations by Peoples

While Peoples believes its actions did not violate any law or regulation as reflected above, the civil penalty and capital expenditures agreed to in the Settlement are significant and

represent a significant portion of the maximum penalty I&E could have pursued. The expenditures nearing the maximum penalty amount are more than sufficient to deter future violations, although Peoples has not admitted any material violation here. 52 Pa. Code § 69.1201(c)(8).

9. Consistent With Commission Precedent

To Peoples' knowledge, the Settlement is consistent with past Commission decisions.

10. Other Relevant Factors

Peoples is not aware of any other relevant factors.

**IV. CONCLUSION**

The Settlement provides a reasonable means of resolving all of the issues raised by this proceeding. It also reduces the administrative burden on the Commission and the litigation costs of all of the active parties. The Parties agree that it is their intent that the Settlement is not an admission of fault, wrongdoing, or liability, and that the Settlement shall not be used by any other person or entity as a concession or admission of any fact or violation of any law. Accordingly, for the reasons set forth above and in the Joint Petition, Peoples submits that the Settlement is in the public interest and should be approved without modification by the Commission.

Respectfully Submitted,



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*Attorneys for Peoples Natural Gas Company LLC*

Date: January 17, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
 :  
v. : Docket No. C-2024-3050319  
 :  
Peoples Natural Gas Company LLC :

**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:**

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Date: January 17, 2025