

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

Public Meeting held August 28, 2025

Commissioners Present:

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

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

M-2025-3052089

v.

Peoples Natural Gas Company LLC

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the proposed Joint Petition for Approval of Settlement (Settlement Agreement or Joint Petition), filed on July 24, 2025, by the Commission's Bureau of Investigation and Enforcement (I&E) and Peoples Natural Gas Company LLC (Peoples, Peoples Natural Gas, or the Company) (collectively the Parties), with respect to an informal investigation conducted by I&E. The Settlement Agreement contains terms and conditions representing a comprehensive settlement, along with Proposed Ordering Paragraphs and Statements in Support of the Settlement Agreement (Statements in

Support). Both Parties submit that the proposed Settlement Agreement is in the public interest and is consistent with our Policy Statement at 52 Pa. Code § 69.1201, *Factors and standards for evaluating litigated and settled proceedings involving violations of the Public Utility Code and Commission regulations—statement of policy* (Policy Statement). Settlement Agreement at ¶ 45. Before issuing a final decision on the merits of the proposed Settlement, and consistent with the requirement of 52 Pa. Code § 3.113(b)(3), we shall publish the Settlement in the *Pennsylvania Bulletin* and provide an opportunity for interested parties to file comments regarding the proposed Settlement.<sup>1</sup>

### I. History of the Proceeding

This matter concerns an informal investigation initiated by I&E based on a referral from I&E’s Pipeline Safety Division (Pipeline Safety or Gas Safety Division) regarding an incident that occurred on July 28, 2022, in Johnstown, Pennsylvania (the Johnstown Incident). The Johnstown Incident occurred when an excavator hired by Peoples, Toy Excavating (Toy) was performing excavation at and along transmission pipeline TP-7220 near 2152 Benshoff Hill Road. Toy was performing excavation at the direction of Peoples, and under the supervision of Peoples’ onsite Construction Inspector, as part of a major construction project performed under PA One Call Ticket Number 20221153475. During the course of its excavation work, while the Toy excavation crew was using a mechanical excavator within the tolerance zone,<sup>2</sup> the crew struck and damaged a Mueller Sav-A-Valve (an appurtenance) on the transmission pipeline. Settlement Agreement at ¶¶ 11-15.

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<sup>1</sup> As discussed, *infra*, due to the nature of the alleged violations in this matter, it is appropriate to publish the Settlement in the *Pennsylvania Bulletin*.

<sup>2</sup> The “tolerance zone” is the area within 18-inches of a facility, such as a pipeline. Settlement Agreement at 5, n. 1.

As a result of the pipeline damage, the following occurred: (1) Peoples' Construction Inspector was struck by debris and was taken for medical evaluation before being released without being admitted; (2) escaped natural gas was ignited and a fire ensued; (3) the mechanical excavator, which was abandoned in place and remained running, became engulfed in flames and was destroyed; and (4) approximately 353 customers lost natural gas service for more than a full day.<sup>3</sup> Settlement Agreement at ¶¶ 16-20.

Pipeline Safety conducted a thorough investigation of the Johnstown Incident. Through Pipeline Safety's informal investigation, I&E concluded that: (1) the maps provided to Peoples' line locator did not accurately depict the location of the damaged appurtenance; (2) Peoples' procedures did not provide adequate direction for performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone; and (3) Peoples failed to provide the Commission with notification 30 days prior to commencing the Company's construction work. Settlement Agreement at ¶¶ 22. Accordingly, I&E determined that sufficient data had been gathered to substantiate Peoples' violations of certain provisions of the Code of Federal Regulations<sup>4</sup> and the Commission's Regulations, as identified, *infra. Id.* at ¶ 23.

The Parties entered into negotiations and agreed to resolve these matters in accordance with the Commission's policy to promote settlements at 52 Pa. Code § 5.231.

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<sup>3</sup> By 2:40 p.m. on July 28, 2022, all main line valves feeding the damaged segment of pipeline were closed and the damaged segment was shut in and isolated; however, natural gas service was not fully restored until approximately 9:00 p.m. on July 29, 2022. Settlement Agreement at ¶¶ 18-19.

<sup>4</sup> Pursuant to Section 59.33 of the Commission's regulations, 52 Pa. Code § 59.33, *Minimum safety standards*, the Commission 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 and 199. 52 Pa. Code § 59.33. The Federal pipeline safety laws and regulations prescribe the minimum safety standards for all natural gas public utilities in the Commonwealth. 52 Pa. Code § 59.33(b).

Settlement Agreement at ¶ 25. The Parties filed the instant Settlement Agreement on July 24, 2025.

## **II. Background**

### **A. I&E Informal Investigation**

As indicated above, the basis for the instant Settlement Agreement stemmed from Pipeline Safety’s investigation following the Johnstown Incident on July 28, 2022. I&E conducted a thorough investigation and concluded that Peoples’ procedures did not provide adequate direction for performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone. Additionally, I&E found that the maps provided to Peoples’ line locator did not accurately depict the location of the appurtenance that was damaged. Settlement Agreement at ¶ 22. Finally, I&E determined that although Peoples’ construction project involved an expenditure in excess of \$300,000, triggering the Company’s obligation to provide the Commission with 30 days of advance notice of the project, Peoples failed to provide such notice. *Id.* at ¶¶ 21, 23(d). As a result, I&E was prepared to contend that Peoples violated the following provisions of the Code of Federal Regulations: 49 CFR § 192.614(a) and 49 CFR § 192.603(b), as well as the following provisions of the Commission’s Regulations: 52 Pa. Code § 59.37 and 52 Pa. Code § 59.38. *Id.* at ¶¶ 23(a)-(d). The alleged violations are described in more detail below.

### **B. Alleged Violations**

I&E was prepared to contend, through litigation, that Peoples’ conduct at issue in the Johnstown Incident violated the Code of Federal Regulations and the

Commission's Regulations. Settlement Agreement at ¶ 23. Specifically, I&E alleged the following violations:

- 1) A violation of 49 CFR § 192.614(a) (*Damage prevention program*) because Peoples' procedures failed to have specific direction for safely performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone.
- 2) A violation of 49 CFR § 192.603(b) (*General provisions*) because Peoples failed to adequately keep maps or records of the location of the damaged appurtenance, as necessary to administer the procedures established under 49 CFR § 192.605.
- 3) A violation of 52 Pa. Code § 59.37 (*Maps, plans and records*) because Peoples failed to keep complete maps, plans, and records as it relates to the damaged appurtenance.
- 4) A violation of 52 Pa. Code § 59.38 (*Filing of major construction reports*) because of Peoples' failure to notify the Commission of a major construction project, involving an expenditure in excess of \$300,000.

Settlement Agreement at ¶¶ 23(a)-(d).

If this matter had been litigated, Peoples notes that it would have denied the alleged violations, raised defenses and mitigating factors in support of its defense, and defended against the same at a hearing. Settlement Agreement at ¶¶ 24(a)-(d).

As a result of negotiations, the Parties entered into the proposed Settlement Agreement, which is attached to this Opinion and Order, to amicably resolve the disputed issues. The Parties assert that the proposed Settlement Agreement is in the public interest

and should, therefore, be approved by the Commission. Settlement Agreement at ¶¶ 40, 45.

### **III. Terms of the Settlement<sup>5</sup>**

The Parties state that the purpose of the Settlement is to terminate I&E's informal investigation and settle this matter completely without litigation. Both Parties jointly acknowledge that approval of the Settlement Agreement is in the public interest and is fully consistent with our Policy Statement. Settlement Agreement at ¶ 32. Moreover, the Parties agree that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations that are the subject of I&E's informal investigation, while also avoiding the inherent unpredictability of the outcome of a contested proceeding. Furthermore, the Parties assert that the Settlement Agreement includes valuable safety enhancements beyond what Peoples could be required to implement under relevant state and federal regulations. *Id.* at ¶¶ 25-27.

The essential terms of the Settlement are set forth in Paragraphs 29(A)-(I), and those terms are recited in full, below, as they appear in the Joint Petition:

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

**A. Civil Penalty:**

Peoples Natural Gas will pay a civil penalty in the amount of Twenty-Five Thousand Dollars (\$25,000.00) 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

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<sup>5</sup> Pages 9-16 of the Settlement Agreement set forth the full Settlement Terms and Conditions.

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 will be indicated with the certified check or money order and the payment will be sent to:

Matthew L. Homsher, 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. Procedures Related to Performing Excavations within the Tolerance Zone:**

Peoples Natural Gas performed an after action review of this event. As a result of that review, Peoples Natural Gas implemented Job Procedure 429, effective November 21, 2024, that provides guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline.

**C. Outreach and Education of Excavators:**

Peoples Natural Gas will continue to invest time and resources into its outreach and education programs focused on excavators and homeowners. Peoples will create education/outreach materials that include guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline. Peoples will provide those materials to impacted stakeholders.

**D. Process to Track High-Risk Excavators:**

Peoples Natural Gas will institute a process to track high risk excavators and focus efforts to drive down excavation

damages. Peoples will provide Pipeline Safety with a copy of this process once established. Pipeline Safety may provide comments or feedback to Peoples for consideration regarding this process.

**E. Inspection of High-Risk Excavations and Excavations Performed by High-Risk Excavators:**

Consistent with its current practices and available resources, Peoples will assign employees to inspect certain construction projects that involve excavations that have a higher risk of damaging facilities or excavations that involve identified high risk excavators (“high-risk excavations”). Peoples will risk-rank high-risk excavations in accordance with its process to track high risk excavators (see settlement term D) and will use commercially reasonable efforts to inspect as many high-risk excavations as its resources allow.

**F. Verification of Appurtenance Locations:**

Peoples Natural Gas will use cameras or other technologies, when feasible, to verify the presence and location of appurtenances on pipelines and will incorporate soft digging practices such as hand digging, and utilizing vacuum trucks, as appropriate.

**G. Improved Map and Record Keeping:**

Peoples Natural Gas will continue to develop and improve its geographic information system (“GIS”) and record keeping system so that field personnel have access to available maps and records needed to effectively mark out and work around gas facilities. Areas with suspected mapping issues will be identified on maps and provided to locate personnel. Peoples will provide periodic refresher training on the availability and accessibility of its maps and records, including as-built drawings, to aid its field and locate personnel working around and/or marking out gas facilities.

**H. Lessons Learned Trainings:**

Peoples Natural Gas will develop quarterly “lessons learned” training sessions several times per year with its field

employees. The trainings will outline common issues found in the field as well as not so common issues which have led to line hits. Some of these “lessons learned” will be incorporated into operator qualification training and tailgate meetings, when reasonable. Peoples will review the “lessons learned” training documents with its construction contractors. The trainings will include any applicable PHMSA Advisory Bulletins and other industry resources on damage prevention and safe digging procedures. Additionally, Peoples will include safe digging topics in tailgate meetings and pre job meetings on site with both contractors and Peoples employees. Peoples holds regular meetings with its contractors to review damages and Peoples will use best efforts to review these training materials with its contractors at those meetings.

**I. Implementation of a Quality Assurance/Quality Control component within the Damage Prevention Program:**

Peoples Natural Gas will implement a Quality Assurance/Quality Control component for its damage prevention program. Peoples will develop metrics to track and measure its damage prevention efforts to ensure they are effective in making the Peoples customers and the Commonwealth safer. Further, Peoples will track metrics to measure their effectiveness in damage prevention against other large operators in Pennsylvania.

Settlement Agreement at ¶¶ 29(A)-(I).

In consideration of Peoples’ agreement to the terms of the Joint Petition, and upon the Commission’s approval of the Joint Petition without modification, I&E agrees that it will not file any complaints or initiate other action against Peoples at the Commission with respect to the allegations which were the subject of I&E’s investigation. Settlement Agreement at ¶ 30.

Additionally, the Parties indicate that the Joint Petition represents the Settlement Agreement in its entirety. The proposed Settlement Agreement is conditioned on the Commission's approval, without modification of any of its terms or conditions. If the Commission rejects the proposed Settlement Agreement, or makes any change or modification thereto, either Party may elect to withdraw from the Settlement Agreement. Moreover, the Settlement Agreement represents a compromise of positions and does not constitute a finding of culpability or an admission concerning the alleged violations. Finally, the Parties present the Settlement Agreement without prejudice to any position that I&E or Peoples may advance in the future on the merits of the issues in any future proceeding, except to the extent necessary to effectuate the terms and conditions of the Settlement Agreement. Settlement Agreement at ¶¶ 33-40.

#### **IV. Discussion**

Pursuant to our Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. However, the Commission must review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

In reviewing settlements that resolve informal investigations, the Commission will provide other potentially affected parties with the opportunity to file

comments regarding a proposed settlement prior to issuing a decision. The Commission's Regulations at 52 Pa. Code § 3.113(b) provide as follows:

**§ 3.113. Resolution of informal investigations.**

\* \* \*

(b) Under 65 Pa.C.S. Chapter 7 (relating to Sunshine Act), the Commission's official actions resolving informal investigations will be as follows:

\* \* \*

(3) When the utility, or other person subject to the Commission's jurisdiction, has committed to undertake action to address or remedy a violation or potential violation of the act or to resolve another perceived deficiency at the utility, in the form of a settlement with the Commission staff or other resolution of the matter, the Commission's consideration of the settlement or approval of the utility's action will occur at public meeting. Except for staff reports and other documents covered by a specific legal privilege, documents relied upon by the Commission in reaching its determination shall be made part of the public record. **Before the Commission makes a final decision to adopt the settlement or to approve the utility's action, the Commission will provide other potentially affected persons with the opportunity to submit exceptions thereon or to take other action provided for under law.**

52 Pa. Code § 3.113(b)(3) (emphasis added). *See also, Pa. PUC, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation*, Docket No. M-2012-2264635 (Order entered September 13, 2012); *Pa. PUC, Bureau of Investigation and Enforcement v. Liberty Power Holdings, LLC*, Docket No. M-2019-2568471 (Order entered August 8, 2019).

## V. Conclusion

Before issuing a decision on the merits of the proposed Settlement, and consistent with the requirement of 52 Pa. Code § 3.113(b)(3), and for the reasons stated above, we believe it is appropriate to publish the Settlement in the *Pennsylvania Bulletin*. Therefore, we will: (1) publish this Opinion and Order and a copy of the proposed Settlement and Statements in Support, attached hereto, in the *Pennsylvania Bulletin*; and (2) provide an opportunity for interested parties to file comments regarding the proposed Settlement within twenty-five (25) days after the date of publication in the *Pennsylvania Bulletin*; **THEREFORE,**

### **IT IS ORDERED:**

1. That the Secretary's Bureau shall duly certify this Opinion and Order along with the attached Joint Petition for Approval of Settlement, Proposed Ordering Paragraphs, and the Statements in Support of the Settlement, at Docket No. M-2025-3052089, and send them to the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.
2. That within twenty-five (25) days after the date that this Opinion and Order and the attached Joint Petition for Approval of Settlement, Proposed Ordering Paragraphs, and the Statements in Support of the Settlement thereof are published in the *Pennsylvania Bulletin*, interested parties may file comments concerning the proposed Settlement.
3. That a copy of this Opinion and Order, together with the attached Joint Petition for Approval of Settlement, Proposed Ordering Paragraphs, and the Statements in Support of the Settlement, at Docket No. M-2025-3052089, shall be served on the Office of Consumer Advocate and the Office of Small Business Advocate.

4. That, subsequent to the Commission's review of any comments filed in this proceeding, at Docket No. M-2025-3052089, a final Opinion and Order will be issued by the Commission.

**BY THE COMMISSION,**

A handwritten signature in cursive script that reads "Matthew L. Homsher".

Matthew L. Homsher  
Secretary

(SEAL)

ORDER ADOPTED: August 28, 2025

ORDER ENTERED: August 28, 2025

# **ATTACHMENT**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and :  
Enforcement’s Investigation of Peoples : Docket No. M-2025-3052089  
Natural Gas Company LLC’s excavation :  
damage to a transmission pipeline in :  
Johnstown, Pennsylvania :

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE 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,” “Peoples Natural Gas,” or “Company”) (hereinafter referred to collectively as the “Parties” or “Joint Petitioners”) hereby submit this Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) to resolve all issues related to excavation damage to a transmission pipeline in Johnstown, Pennsylvania (“Incident”). I&E and Peoples respectfully request that the Commission approve the Joint Petition, without modification, for the compelling public interest reasons set forth, *infra*. Also attached are Proposed Ordering Paragraphs (Appendix A) and Statements in Support of the Settlement expressing the individual views of I&E (Appendix B) and Peoples (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, a natural gas distribution company ("NGDC"), with a principal place of business of 375 North Shore Drive, Suite 600, Pittsburgh, PA 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 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.

7. 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 30, 2024 and revised the maximum civil penalty to Two Hundred Seventy-Two Thousand, Nine Hundred Twenty-Six Dollars (\$272,926.00) for each violation and for each day the violation continues, with a maximum penalty not to exceed Two Million, Seven Hundred Twenty-Nine Thousand, Two Hundred Forty-

Five Dollars (\$2,729,245.00) for a related series of violations. 89 F.R. 106294 (Dec. 30, 2024).

8. 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.

9. 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.

10. 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. FACTUAL BACKGROUND**

11. On or about July 28, 2022, Toy Excavating (“Toy”) was performing excavation at and along transmission pipeline TP-7220 near 2152 Benshoff Hill Road, Johnstown, PA. This excavation was performed at the direction of Peoples as part of a major construction project and was performed under PA One Call Ticket Number 20221153475.

12. A Peoples’ Construction Inspector was on site observing and supervising the excavation project on that date.

13. During the July 28, 2022 excavation, the excavation crew for Toy was performing spotting of TP-7220, using a combination of hand digging and a mechanical excavator, a Caterpillar 360, to locate the transmission pipeline. The excavation crew

used shovels to hand dig several inches of soil at a time and then used the mechanical excavator's bucket to remove loosened soil and debris.

14. The combined use of shovels and the mechanical excavator continued inside the tolerance zone.<sup>1</sup>

15. At approximately 1:05 pm on July 28, 2022, while using the mechanical excavator within the tolerance zone, an appurtenance, a Mueller Sav-A-Valve, on the transmission pipeline was struck and damaged.

16. Peoples' Construction Inspector was struck by blowing debris and was taken for medical evaluation before being released without being admitted for medical observation or care.

17. The mechanical excavator was abandoned in place and remained running.

18. At approximately 2:40 pm, all main line valves feeding the damaged segment of pipeline were closed and the damaged segment was shut in and isolated. Nevertheless, the escaping natural gas continued to blow until 3:20 pm, when the released gas was ignited and a fire ensued. The mechanical excavator became engulfed in flames and was destroyed.

19. At approximately 1:00 am on July 29, 2022, repairs were made to the damaged segment of TP-7220. At approximately 4:05 am on July 29, 2022, the pipeline was purged of air and placed back into service. At approximately 9:00 pm on July 29, 2022, all customer relights were completed and natural gas service was restored.

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<sup>1</sup> "Tolerance zone" is the area within 18-inches of a facility, such as a pipeline.

20. As a result of the excavation damage, approximately 353 customers lost natural gas service until the transmission line was repaired and placed back into service.

21. The Commission was not notified 30 days prior to commencement of this construction project, which involved an expenditure in excess of \$300,000.

22. Pipeline Safety conducted a thorough investigation and concluded that the maps provided to Peoples' line locator did not accurately depict the location of the appurtenance that was damaged, Peoples procedures did not provide adequate direction for performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone, and Peoples did not provide notification to the Commission 30 days prior to the commencement of this construction project.

### **III. ALLEGED VIOLATIONS**

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

23. Had this matter been fully litigated rather than resolved through this Settlement, I&E would have proffered evidence and legal argument that Peoples violated certain provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations in that:

- a. Peoples' procedures failed to have specific direction for safely performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone. If proven, this is a violation of 49 CFR § 192.614(a) (Damage Prevention Program);
- b. Peoples failed to adequately keep maps or records of the location of the damaged appurtenance, as necessary to administer the procedures established under 49 CFR § 192.605. If proven, this is a violation of 49 CFR § 192.603(b) (General Provisions);

- c. Peoples failed to keep complete maps, plans, and records as it relates to the damaged appurtenance. If proven, this is a violation of 52 Pa. Code § 59.37 (Maps, plans, and records); and
- d. Peoples failed to notify the Commission of a major construction project, involving an expenditure in excess of \$300,000. If proven, this is a violation of 52 Pa. Code § 59.38 (Filing of Major Construction Reports).

**B. Position of Peoples**

24. Had this matter been fully litigated rather than resolved through this Settlement, Peoples would have contended that it did not violate provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations. Moreover, 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. Peoples maintains that it was in compliance with 49 CFR § 192.614(a) at the time of this event. In the spirit of continuous improvement, the Company did supplement its procedures. Peoples implemented a job procedure effective November 21, 2024, that provides guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline.
- b. Peoples maintains that it did have a record of the location of the damaged appurtenance at the time of this event. Such record (an as-built drawing) was provided to the I&E's Gas Safety Division.
- c. Peoples maintains that at the time of the event, Peoples did have a record of the damaged appurtenance. Such record (an as-built drawing) was provided to the I&E's Gas Safety Division.
- d. Peoples did locate an internal record of a major construction project notice for this particular project. Due to project permitting delays, the Company may have sent the project notice, but the Company does not have a date stamped record of this notice being sent.

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

25. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, as set forth at 52 Pa. Code § 5.231(a), I&E and Peoples held a series of discussions and meetings that culminated in this Settlement. I&E and Peoples desire to: (i) terminate I&E's informal investigation; and (ii) settle this matter completely without litigation. The Parties recognize that this is a disputed claim and given the inherent unpredictability of the outcome of a contested proceeding, the Parties further recognize the significant and more immediate benefits of amicably resolving the disputed issues through settlement as opposed to time-consuming and expensive litigation.

26. This matter is worthy of resolution without litigation as 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 via strict adherence to the provisions of the relevant state and federal regulations.

27. 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.

28. The terms and conditions of the Settlement Agreement, for which the Parties seek Commission approval, are set forth below.

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

**A. Civil Penalty:**

Peoples Natural Gas will pay a civil penalty in the amount of Twenty-Five Thousand Dollars (\$25,000.00) 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 will be indicated with the certified check or money order and the payment will be sent to:

Matthew L. Homsher, 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. Procedures Related to Performing Excavations within the Tolerance Zone:**

Peoples Natural Gas performed an after action review of this event. As a result of that review, Peoples Natural Gas implemented Job Procedure 429, effective November 21, 2024, that provides guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline.

**C. Outreach and Education of Excavators:**

Peoples Natural Gas will continue to invest time and resources into its outreach and education programs focused on excavators and homeowners. Peoples will create education/outreach materials that include guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline. Peoples will provide those materials to impacted stakeholders.

**D. Process to Track High-Risk Excavators:**

Peoples Natural Gas will institute a process to track high risk excavators and focus efforts to drive down excavation damages. Peoples will provide Pipeline Safety with a copy of this process once established. Pipeline Safety may provide comments or feedback to Peoples for consideration regarding this process.

**E. Inspection of High-Risk Excavations and Excavations Performed by High-Risk Excavators:**

Consistent with its current practices and available resources, Peoples will assign employees to inspect certain construction projects that involve excavations that have a higher risk of damaging facilities or excavations that involve identified high risk excavators (“high-risk excavations”). Peoples will risk-rank high-risk excavations in accordance with its process to track high risk excavators (see settlement term D) and will use commercially reasonable efforts to inspect as many high-risk excavations as its resources allow.

**F. Verification of Appurtenance Locations:**

Peoples Natural Gas will use cameras or other technologies, when feasible, to verify the presence and location of appurtenances on pipelines and will incorporate soft digging practices such as hand digging, and utilizing vacuum trucks, as appropriate.

**G. Improved Map and Record Keeping:**

Peoples Natural Gas will continue to develop and improve its geographic information system (“GIS”) and record keeping system so that field personnel have access to available maps and records needed to effectively mark out and work around gas facilities. Areas

with suspected mapping issues will be identified on maps and provided to locate personnel. Peoples will provide periodic refresher training on the availability and accessibility of its maps and records, including as-built drawings, to aid its field and locate personnel working around and/or marking out gas facilities.

**H. Lessons Learned Trainings:**

Peoples Natural Gas will develop quarterly “lessons learned” training sessions several times per year with its field employees. The trainings will outline common issues found in the field as well as not so common issues which have led to line hits. Some of these “lessons learned” will be incorporated into operator qualification training and tailgate meetings, when reasonable. Peoples will review the “lessons learned” training documents with its construction contractors. The trainings will include any applicable PHMSA Advisory Bulletins and other industry resources on damage prevention and safe digging procedures. Additionally, Peoples will include safe digging topics in tailgate meetings and pre job meetings on site with both contractors and Peoples employees. Peoples holds regular meetings with its contractors to review damages and Peoples will use best efforts to review these training materials with its contractors at those meetings.

**I. Implementation of a Quality Assurance/Quality Control component within the Damage Prevention Program:**

Peoples Natural Gas will implement a Quality Assurance/Quality Control component for its damage prevention program. Peoples will develop metrics to track and measure its damage prevention efforts to ensure they are effective in making the Peoples customers and the Commonwealth safer. Further, Peoples will track metrics to measure their effectiveness in damage prevention against other large operators in Pennsylvania.

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

31. Following the performance of the non-monetary, remedial measures referenced above, Peoples will file with the Commission a verification acknowledging that the non-monetary, remedial measures have been met or complied with, pursuant to 52 Pa. Code § 5.591.

32. I&E and Peoples jointly acknowledge that approval of this Settlement Agreement is in the public interest and fully consistent with the Commission's Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings, 52 Pa. Code § 69.1201. The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses I&E's allegations 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 basis upon which the Parties believe the Settlement Agreement is in the public interest.

#### **V. CONDITIONS OF SETTLEMENT**

33. This document represents the Settlement Agreement in its entirety and constitutes a negotiated resolution solely of the above-referenced investigation. 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.

34. 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.

35. In order to effectuate this Joint Petition, the undersigned parties request that the Commission issue a Final Order approving the Joint Petition without modification.

36. 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.

37. The consequence of any party withdrawing from this Joint Petition as set forth above is that all issues associated with the requested relief presented in the proceeding may be fully litigated by the filing of a Formal Complaint or such other action may be taken as deemed appropriate unless otherwise stipulated between the parties and all obligations of the parties to each other set forth herein are terminated and of no force and effect.

38. 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.

39. The Parties acknowledge that this Settlement Agreement reflects a compromise of competing positions, does not necessarily reflect any party's position with respect to any issues raised in this proceeding, and does not in any way constitute a finding or an admission of guilt.

40. This Settlement Agreement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable and in the public interest. This Settlement is presented without prejudice to any position that any of the Parties may have advanced and without prejudice to the position any of the Parties may advance in the future on the merits of the issues in any other proceedings, except to the extent necessary to effectuate or enforce the terms and conditions of this Settlement Agreement. This Settlement does not preclude the Parties from taking other positions in any other proceeding but is conclusive in this proceeding and may not be reasserted in any other proceeding or forum except for the limited purpose of enforcing the Settlement by a Party.

41. Peoples does not admit to any violations of state or federal law with respect to the Incident.

42. The Parties agree that upon the filing of the Settlement, the three year requirement to bring a prosecution for this matter, found at 66 Pa.C.S. § 3314, shall be tolled until twenty (20) days after such time the Commission issues an Order approving or rejecting the Settlement Agreement or a Party files its election to withdraw from the Settlement Agreement, whichever occurs later in time.

43. In the event the Commission rejects the Settlement or approves the Settlement with modifications or conditions, Peoples may raise affirmative defenses in any formal proceeding brought by I&E in connection with the Incident, including but not limited to, defenses based on state or federal statutes of limitation.

44. I&E and Peoples shall make good faith efforts to obtain approval of the Joint Petition by the Commission including, but not limited to, submitting Statements in Support of the Joint Petition. Both Parties' Statements in Support of the Joint Petition shall support the position that the agreed-to civil penalty to be paid by Peoples is adequate and consistent with the Commission's Policy Statement on settlement of investigations and the Rosi Standards for civil penalties and thus in the public interest.

45. I&E and Peoples jointly acknowledge that approval of this Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations, 52 Pa. Code § 69.1201. The Commission will serve the public interest by adopting this Joint Petition for Approval of Settlement.

46. The Joint Petition avoids the time and expense of litigation in this matter before the Commission, which likely would entail the filing of a Formal Complaint, the

preparation for and attendance at hearings, and the preparation and filing of testimony, briefs, reply briefs, exceptions, and reply exceptions. The Parties further recognize that their positions and claims are disputed and, given the inherent unpredictability of the outcome of a contested proceeding, the Parties recognize the benefits of amicably resolving the disputed issues through settlement.

47. Since the Parties agree to the terms of the Joint Petition, adopting it will eliminate the possibility of any appeal from the Commission Secretarial Letter or Order, thus avoiding the additional time and expense that they might incur in such an appeal.

48. This settlement consists of the entire agreement between I&E and Peoples regarding the matters addressed herein. Moreover, this Settlement Agreement represents a complete settlement of I&E's informal investigation of the alleged violations of state and federal regulations regarding the Incident, as discussed, *supra*.

49. 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]

Respectfully Submitted,

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

Peoples Natural Gas Company LLC

By: \_\_\_\_\_  
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Prosecutor  
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*Attorneys for Peoples Natural Gas  
Company LLC*

Date: July 24, 2025

Date: July 24, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and :  
Enforcement's Investigation of Peoples : Docket No. M-2025-3052089  
Natural Gas Company LLC's excavation :  
damage to a transmission pipeline in :  
Johnstown, Pennsylvania :

**JOINT PROPOSED ORDERING PARAGRAPHS**

1. That the Joint Settlement Petition filed on July 24, 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 Twenty-Five Thousand Dollars (\$25,000.00). Said payment will be made by certified check or money order payable to "Commonwealth of Pennsylvania" and will be sent to:

Matthew L. Homsher, 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. That upon fulfillment of the non-monetary, remedial measures set forth in Paragraph 29 of the Joint Petition for Settlement, Peoples Natural Gas Company LLC will file with the Commission a verification acknowledging compliance with the non-monetary remedial measures, pursuant to 52 Pa. Code § 5.591.

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

6. That upon receipt of the civil penalty and the verifications acknowledging that the non-monetary remedial measures set forth in Paragraph 29 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’s Investigation of Peoples : Docket No. M-2025-3052089  
Natural Gas Company LLC’s excavation :  
damage to a transmission pipeline in :  
Johnstown, Pennsylvania :

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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 THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

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,” “Peoples Natural Gas,” 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.

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

**I. Background**

The I&E Pipeline Safety Division (“Pipeline Safety”) serves as a registered agent for the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), a federal agency housed in the U.S. Department of Transportation and, as such, is contracted to enforce Federal pipeline safety standards on jurisdictional intrastate pipelines. Pipeline Safety employs engineer-inspectors who possess engineering degrees and are trained and qualified by PHMSA to perform pipeline safety inspections and verify compliance with the Federal pipeline safety standards, which the Commission has adopted for natural gas public utilities operating in the Commonwealth. 52 Pa. Code § 59.33(b). Accordingly, Pipeline Safety maintains exclusive jurisdiction over pipeline safety on the intrastate pipeline facilities of natural gas public utilities in Pennsylvania.

In this matter, Pipeline Safety conducted an in-depth investigation of excavation damage to a transmission pipeline in Johnstown, Pennsylvania (“Incident”). Peoples contractor, Toy Excavating (“Toy”), struck and damaged an appurtenance on a transmission pipeline with a mechanical excavator. The damage to the appurtenance resulted in a release of gas, which ignited and caused a fire that destroyed the mechanical excavator. The results of the investigation formed the basis for the allegations set forth in the Settlement Agreement.

On or about July 28, 2022, Toy Excavating (“Toy”) was performing excavation at and along transmission pipeline TP-7220 near 2152 Benshoff Hill Road, Johnstown, PA. This excavation was performed at the direction of Peoples as part of a major construction project and was performed under PA One Call Ticket Number 20221153475. The

Commission was not notified 30 days prior to commencement of this construction project, which involved an expenditure in excess of \$300,000.

A Peoples' Construction Inspector was on site observing and supervising the excavation project on July 28, 2022. During the July 28, 2022 excavation, the excavation crew for Toy was performing spotting of TP-7220, using a combination of hand digging and a mechanical excavator, a Caterpillar 360, to locate the transmission pipeline. The excavation crew used shovels to hand dig several inches of soil at a time and then used the mechanical excavator's bucket to remove loosened soil and debris. The combined use of shovels and the mechanical excavator continued inside the tolerance zone.

At approximately 1:05 pm on July 28, 2022, while using the mechanical excavator within the tolerance zone, an appurtenance, a Mueller Sav-A-Valve, on the transmission pipeline was struck and damaged. Peoples' Construction Inspector was struck by blowing debris and was taken for medical evaluation before being released without being admitted for medical observation or care. The mechanical excavator was abandoned in place and remained running.

At approximately 2:40 pm, all main line valves feeding the damaged segment of pipeline were closed and the damaged segment was shut in and isolated. Nevertheless, the escaping natural gas continued to blow until 3:20 pm, when the released gas was ignited and a fire ensued. The mechanical excavator became engulfed in flames and was destroyed.

At approximately 1:00 am on July 29, 2022, repairs were made to the damaged segment of TP-7220. At approximately 4:05 am on July 29, 2022, the pipeline was

purged of air and placed back into service. At approximately 9:00 pm on July 29, 2022, all customer relights are completed. As a result of the excavation damage, approximately 353 customers lost natural gas service until the transmission line was repaired and placed back into service.

The crux of I&E's allegations are that the maps provided to Peoples' line locator did not accurately depict the location of the appurtenance that was damaged, Peoples procedures did not provide direction for performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone, and Peoples did not provide notification to the Commission 30 days prior to the commencement of this construction project. Had this matter been fully litigated rather than resolved through this Settlement, I&E would have proffered evidence and legal argument that Peoples violated certain provisions of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations in that:

- a. Peoples procedures failed to have specific directions for safely performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone. If proven, this is a violation of 49 CFR § 192.614(a) (Damage Prevention Program);
- b. Peoples failed to adequately keep maps or records of the location of the damaged appurtenance, as necessary to administer the procedures established under 49 CFR § 192.605. If proven, this is a violation of 49 CFR § 192.603(b) (General Provisions);

- c. Peoples failed to keep complete maps, plans, and records as it relates to the damaged appurtenance. If proven, this is a violation of 52 Pa. Code § 59.37 (Maps, plans, and records); and
- d. Peoples failed to notify the Commission of a major construction project, involving an expenditure in excess of \$300,000. If proven, this is a violation of 52 Pa. Code § 59.38 (Filing of Major Construction Reports).

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 informal investigation. 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 training of field personnel and supervisory staff, improved safety procedures, and improved Quality Assurance/Quality Control practices.

Had this matter been fully litigated rather than resolved through this Settlement, I&E would have proffered evidence and legal argument that Peoples violated Public

Utility Code, Commission regulations, and/or Code of Federal Regulations, 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, as well as a civil penalty. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

**III. Terms of Settlement**

Under the terms of the Settlement Agreement, I&E and Peoples have agreed to a civil penalty and extensive remedial measures which enhance safety and directly respond to the allegations raised by I&E. A summary of the remedial measures are as follows:

1. Peoples will pay a civil penalty of Twenty-Five Thousand Dollars (\$25,000.00), which will not be tax deductible or recovered in any future rate making proceeding (Paragraph 29(A));
2. Peoples has implemented procedures that provide direction on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline (Paragraph 29(B));

3. Peoples will continue to invest time and resources into its outreach and education programs focused on excavators and homeowners (Paragraph 29(C));
4. Peoples will institute a process to track high risk excavators and focus efforts to drive down excavation damages (Paragraph 29(D));
5. Peoples will assign employees to inspect certain construction projects that involve excavations that have a higher risk of damaging facilities or excavations that involve identified high risk excavators (Paragraph 29(E));
6. Peoples will use cameras or other technologies, when feasible, to verify the presence and location of appurtenances on pipelines (Paragraph 29(F));
7. Peoples will continue to develop and improve its geographic information system (“GIS”) and record keeping system so that field personnel have access to available maps and records needed to effectively mark out and work around gas facilities (Paragraph 29(G));
8. Peoples will develop quarterly “lessons learned” training sessions several times per year with its field employees (Paragraph 29(H)); and
9. Peoples will implement a Quality Assurance/Quality Control component for its damage prevention program (Paragraph 29(H)).

In consideration of Peoples’ payment of a civil penalty and numerous remedial measures, 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 excavation damage to a transmission pipeline in Johnstown, Pennsylvania.

**IV. Legal Standard for Settlement Agreements**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the Parties must expend on litigating a case and conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. “The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a ‘burden of proof’ standard, as is utilized for contested matters.” *Pa. Pub. Util. Comm’n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm’n v. Philadelphia Gas Works*, Docket No. M- 00031768 (Order entered January 7, 2004).

I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission’s Policy Statement regarding *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations* (“Policy Statement”), 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission’s Policy Statement sets forth ten (10) factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

The Commission will not apply the factors as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b). While many of the same factors may still be considered, in settled cases, the Parties “will be afforded flexibility in reaching amicable resolutions to complaints and other matters as long as the settlement is in the public interest.” *Id.*

The first factor considers whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty while conduct that is less egregious warrants a lower amount. 52 Pa. Code § 69.1201(c)(1). I&E submits that the conduct alleged in the Complaint does not rise to the level of willful fraud or misrepresentation, but is of a more serious nature than a mere administrative error. While the failure to notify the Commission of the major construction project 30 days prior to commencement was an administrative error, the other alleged conduct rises above an administrative error. I&E alleges that the maps provided to Peoples’ line locator did not accurately depict the location of the appurtenance that was damaged, Peoples procedures did not provide direction for performing excavation work within the tolerance zone or for the use of prudent excavation techniques within the tolerance zone, and Peoples did not provide notification to the Commission 30 days prior to the commencement of this construction project. While this conduct did not result in an explosion, it did result in a fire, property damage (destruction of the mechanical excavator), and minor injuries to Peoples’ Construction Inspector. I&E submits that any conduct involving excavation at or near natural gas pipelines should be taken seriously due to the inherent danger involved if such pipelines

should leak, rupture, or otherwise fail. Further, the actions and inactions of Peoples described above constitute conduct that increased the risk to public health and safety, 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 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' alleged conduct were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(2). In this case, the only property damage was the destruction of the contractor's mechanical excavator and the minor injuries to Peoples' Construction Inspector that did not require being admitted for medical observation or care. As I&E has alleged, performing excavation within the tolerance zone of a transmission pipeline without using prudent techniques poses an increased risk to public safety. The agreed-upon civil penalty and remedial measures of the Settlement acknowledge the potential for serious consequences and are designed to further enhance the safety of Peoples' service and facilities, especially as it pertains to excavations and potential excavation damages.

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' 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 this incident, Peoples has engaged in appropriate measures to correct the conduct at issue and prevent similar future conduct. Peoples proactively performed an after action review of this event and as a result of that review, Peoples implemented Job Procedure 429 that provides guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline. Additionally, Peoples agrees to take further remedial action. A comprehensive list of the remedial actions that Peoples has agreed to undertake is outlined in the Settlement Agreement at Paragraph 29. Some of the more significant remedial actions include, but are not limited to: (1) investing time and resources into its outreach and education programs focused on excavators and homeowners; (2) implementing a process to track high-risk excavators; (3) conducting inspections of construction projects that involve excavations that have a higher risk of damaging facilities or excavations that involve identified high risk excavators; (4) using cameras or other technologies to verify the presence and location of appurtenances on pipelines; (5) improving its map and record keeping system; (6) development of quarterly “lessons learned” trainings; and (7) implementing a Quality Assurance/Quality Control component for its damage prevention program.

Each of the remedial actions and commitments described at Paragraph 29 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. The remedial actions 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). Approximately 353 customers lost natural gas service until the transmission line was repaired and placed back into service. By 9:00 pm of the day following the excavation damage, Peoples completed all customer relights. The loss of gas service to customers occurred in the summer and I&E does not have evidence that any of the impacted customers suffered serious consequences due to the loss of gas service.

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<sup>2</sup> time period.<sup>3</sup> In one instance, Peoples entered into a settlement to

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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.

<sup>3</sup> I&E notes that at the time of this filing, a third instance of a compliance issue is pending at Pa. Pub. Util. Comm'n, Bureau of Investigation and Enforcement v. Peoples Natural Gas Company LLC, Docket No. C-2022-3028365. On January 17, 2025, the Parties filed a Joint Petition for Approval of Settlement in that matter. The Joint Petition for Approval of Settlement is currently pending with the Office of Administrative Law Judge.

resolve alleged violations related to the failure of a temporary regulator station that resulted in a natural gas leak and service outages.<sup>4</sup> In the second instance, Peoples entered into a settlement to resolve alleged violations related to an over-pressurization event in its distribution system.<sup>5</sup> As more thoroughly described in the Settlement, this instant matter does not involve a failure of a regulator station or an over-pressurization event.

The seventh factor to be considered relates to whether the Company cooperated with the Commission’s investigation. 52 Pa. Code § 69.1201(c)(7). “Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.” *Id.* As previously referenced, Peoples cooperated with I&E’s investigation and 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 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’ conduct and the nature of the resulting consequences, a civil penalty amount of \$25,000.00, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty amount in this case. I&E further submits that the monetary cost of

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<sup>4</sup> See Pa. Pub. Util. Comm’n v. Peoples Natural Gas Company LLC, Docket No. M-2022-3028365 (Order entered August 4, 2022).

<sup>5</sup> See Pa. Pub. Util. Comm’n v. Peoples Natural Gas Company LLC, Docket No. M-2023-3024990 (Order entered May 9, 2024).

Peoples' 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. 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,

Colby B. Widdowson  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID No. 326185

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Dated: July 24, 2025

**APPENDIX C**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and :  
Enforcement’s Investigation of Peoples : Docket No. M-2025-3052089  
Natural Gas Company LLC’s excavation :  
damage to a transmission pipeline in :  
Johnstown, Pennsylvania :

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**PEOPLES NATURAL GAS LLC’s  
STATEMENT OF SUPPORT OF  
JOINT PETITION FOR SETTLEMENT**

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**HONORABLE COMMISSIONERS:**

Peoples Natural Gas Company LLC (“Peoples” or “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement (“Joint Petition” or “Settlement”) entered into between Peoples and the Commission’s Bureau of Investigation and Enforcement (“I&E”) (collectively, “the Parties”) in the above-captioned proceeding.

Importantly, as discussed in Paragraph 38 of the Joint Petition, 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.

The Settlement, if approved, will fully resolve all issues related to I&E’s investigation of an excavation damage to Peoples’ facilities in Johnstown, Pennsylvania on July 28, 2022.

The Settlement reflects a carefully balanced compromise of the interests of the Parties to this proceeding. Peoples fully cooperated with I&E’s investigation of the matter. The Settlement, if approved, will provide substantial public benefits. For these reasons and the reasons set forth

below, the Settlement is fair, just and reasonable and, therefore, Peoples respectfully requests that the Commission approve the Settlement, including the terms and conditions thereof, without modification.

## **I. INTRODUCTION**

### **1. PARTIES**

I&E is the entity established by statute to prosecute complaints against public utilities pursuant to 66 Pa.C.S. § 308(b). The Commission has delegated its authority to initiate proceedings that are prosecutorial in nature to I&E and other bureaus with enforcement responsibilities. *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Aug. 11, 2011).

Peoples is a “public utility” and a “natural gas distribution company” as those terms are defined in Sections 102 and 2202 of the Code, 66 Pa.C.S. §§ 102, 2202. Peoples provides natural gas transmission, distribution, and supplier of last resort services to its customers throughout its certificated service territory subject to the regulatory jurisdiction of the Commission.

### **2. FACTUAL BACKGROUND**

The factual background of this matter is adequately set forth in Section II of the Joint Settlement and is incorporated herein by reference.

## **II. COMMISSION POLICY FAVORS SETTLEMENT**

Commission policy promotes settlements. See 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must spend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. In order to accept a settlement, the

Commission must determine that the proposed terms and conditions are in the public interest.

*Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.*, Docket No. C-2010-2071433, 2012 Pa. PUC LEXIS 1377 at \*6 (August 31, 2012).

The Commission has promulgated a Policy Statement that sets forth ten 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. These factors are (i) Whether the conduct at issue was of a serious nature; (ii) Whether the resulting consequences of the conduct at issue were of a serious nature; (iii) Whether the conduct at issue was deemed intentional or negligent; (iv) Whether the regulated entity made efforts to modify internal policies and procedures to address the conduct at issue and prevent similar conduct in the future; (v) The number of customers affected and the duration of the violation; (vi) The compliance history of the regulated entity that committed the violation; (vii) Whether the regulated entity cooperated with the Commission's investigation; (viii) The amount of the civil penalty or fine necessary to deter future violations; (ix) Past Commission decisions in similar situations; and (x) Other relevant factors. 52 Pa. Code § 69.1201(c). The Commission will not apply the standards 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 so long as the settlement is in the public interest." 52 Pa. Code § 69.1201(b).

The substantial public benefits of the Settlement, as well as the ten factors that the Commission considers in reviewing a settlement of an alleged violation, are addressed in the

section that follows. For the reasons explained below, the Settlement is in the public interest and should be approved.

### **III. 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 investigation of the July 28, 2022, excavation damage. I&E asserts, in connection with the damage, Peoples allegedly committed violations of the Public Utility Code and federal pipeline safety standards. Based on these allegations, the investigation requested that the Commission order Peoples to pay a civil penalty, and to make various changes to its personnel training, policies and tracking for its damage prevention program.

Throughout the investigation and settlement discussions, Peoples has been cooperative and proactive with I&E by identifying and enhancing its practices and policies related to damage prevention, tracking high-risk excavators, use of certain locating technologies if available and improving its recordkeeping systems. Many of the agreed upon, supplemental changes have been implemented by Peoples already in the interest of continuous enhancement of Peoples' safe and reliable service to the public.

Had this matter been fully litigated rather than resolved through this Settlement, I&E alleges that it would have proffered evidence and legal argument that Peoples violated Public Utility Code, Commission regulations, and/or Code of Federal Regulations, and which Peoples would have disputed with its own evidence and legal argument. This Settlement Agreement results from the compromises of the Parties. Peoples recognizes and agrees with I&E 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.

Therefore, Peoples 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 remedial measures, as well as a payment of a civil penalty. 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). As such, Peoples respectfully requests that the Commission approve the Settlement without modification.

**A. DESCRIPTION OF THE SETTLEMENT**

In agreeing to the Settlement, Peoples is not accepting the validity of the allegations set forth by I&E’s investigation. The Settlement reflects a compromise between I&E and Peoples concerning the claims set forth by I&E. Peoples maintains that I&E would have been unable to show that Peoples violated 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:**

Peoples Natural Gas will pay a civil penalty in the amount of Twenty-Five Thousand Dollars (\$25,000.00) 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 will be indicated with the certified check or money order and the payment will be sent to:

Matthew Homsher, 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.

2. **Procedures Related to Performing Excavations within the Tolerance Zone:**

Peoples Natural Gas performed an after action review of this event. As a result of that review, Peoples Natural Gas implemented Job Procedure 429, effective November 21, 2024, that provides guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline.

3. **Outreach and Education of Excavators:**

Peoples Natural Gas will continue to invest time and resources into its outreach and education programs focused on excavators and homeowners. Peoples will create education/outreach materials that include guidance on the safe excavation of a pipeline and the use of prudent excavation techniques while performing excavation in the tolerance zone of a pipeline. Peoples will provide those materials to impacted stakeholders.

4. **Process to Track High-Risk Excavators:**

Peoples Natural Gas will institute a process to track high risk excavators and focus efforts to drive down excavation damages. Peoples will provide Pipeline Safety with a copy of this process once established. Pipeline Safety may provide comments or feedback to Peoples for consideration regarding this process.

5. **Inspection of High-Risk Excavations and Excavations Performed by High-Risk Excavators:**

Consistent with its current practices and available resources, Peoples will assign employees to inspect certain construction projects that involve excavations that have a higher risk of damaging facilities or excavations that involve identified high risk excavators (“high-risk excavations”). Peoples will risk-rank high-risk excavations in accordance with its process to track high risk excavators (see settlement term 4) and will use commercially reasonable efforts to inspect as many high-risk excavations as its resources allow.

**6. Verification of Appurtenance Locations:**

Peoples Natural Gas will use cameras or other technologies, when feasible, to verify the presence and location of appurtenances on pipelines and will incorporate soft digging practices such as hand digging, and utilizing vacuum trucks, as appropriate.

**7. Improved Map and Record Keeping:**

Peoples Natural Gas will continue to develop and improve its geographic information system (“GIS”) and record keeping system so that field personnel have access to available maps and records needed to effectively mark out and work around gas facilities. Areas with suspected mapping issues will be identified on maps and provided to locate personnel. Peoples will provide periodic refresher training on the availability and accessibility of its maps and records, including as-built drawings, to aid its field and locate personnel working around and/or marking out gas facilities.

**8. Lessons Learned Trainings:**

Peoples Natural Gas will develop quarterly “lessons learned” trainings session several times per year with its field employees. The trainings will outline common issues found in the field as well as not so common issues which have led to line hits. Some of these “lessons learned” will be incorporated into operator qualification training and tailgate meetings, when reasonable. Peoples will review the “lessons learned” training documents with its construction contractors. The trainings will include any applicable PHMSA Advisory Bulletins and other industry resources on damage prevention and safe digging procedures. Additionally, Peoples will include safe digging topics in tailgate meetings and pre job meetings on site with both contractors and Peoples employees. Peoples holds regular meetings with its contractors to review damages and Peoples will use best efforts to review these training materials with its contractors at those meetings.

**9. Implementation of a Quality Assurance/Quality Control component within the Damage Prevention Program:**

Peoples Natural Gas will implement a Quality Assurance/Quality Control component for its damage prevention program. Peoples will develop metrics to track and measure its damage prevention efforts to ensure they are effective in making the Peoples customers and the Commonwealth safer. Further, Peoples will track metrics to measure their effectiveness in damage prevention against other large operators in Pennsylvania.

**IV. 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.

**A. Nature Of The Conduct**

The first factor considers whether the conduct at issue was of a serious nature and, if so, whether the conduct may warrant a higher penalty. The conduct involved was that of an excavation damage by a contractor performing work for Peoples. Peoples submits that gas safety and damage prevention is a significant issue and one in which Peoples acknowledges and values. The conduct involved was not willful fraud or misrepresentation but conduct that was less egregious and the agreed-upon civil penalty properly reflects the damage that resulted from this incident. Additionally, the Settlement advances public safety by supplementing Peoples excavation procedures, training, tracking and recordkeeping, which Peoples has agreed to in its continued enhancement efforts to provide the highest quality of service to the public.

**B. The Resulting Consequences**

The second factor considers the seriousness of the consequences of the incident at issue. Peoples treats excavation damages seriously and did so with the instant incident. As a result of this excavation damage, a Peoples' employee was treated for minor injuries from flying debris but was not admitted for medical care. There was also damage to a piece of excavation equipment. No fatalities, no significant injuries and no major property damage occurred during this incident. As such, the agreed-upon civil penalty and remedial measures adequately address excavations and lower the risk of future excavation damages. The terms and conditions of the Settlement recognize an adequate level of seriousness of this incident and are designed to enhance Peoples' excavation procedures and minimize the likelihood that a similar incident occur in the future.

**C. Unintentional Conduct**

The third factor to be considered is 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 or finding of either intentional or negligent wrongdoing by Peoples.

**D. Internal Practice and Procedures**

The fourth factor to be considered is whether 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 were followed by Peoples' personnel during the events on July 28, 2022. That said, Peoples and I&E agree that supplemental practices, training, and tracking will benefit Peoples and the public. As such, Peoples has either already implemented or has agreed to implement a supplemental internal practice and procedure after negotiation with I&E. The terms and conditions of the Settlement

adequately take into account Peoples' efforts to modify and adopt internal policies and practices to address the alleged conduct.

**E. Impact on Customers**

The fifth 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 natural gas service was restored to Peoples' customers the day after the event. The loss of gas service to customers occurred in the summer and there is no evidence that the impacted customers suffered serious consequences due to the loss of gas service. The terms and conditions of the Settlement adequately consider the nature of the incident, the number of customers impacted and Peoples' response under the circumstances.

**F. Compliance History of Peoples**

The sixth factor considers the 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 and the remedial measures in this Settlement, further evidences Peoples' good faith efforts to enhance the safety and reliability of its system, consistent with the Public Utility Code, and state and Federal regulations.

**G. Cooperation by Peoples**

The seventh factor considers whether Peoples fully cooperated with the Commission's investigation. Peoples supported and fully cooperated with I&E regarding this incident. It 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.

**H. Deterrence Of Future Violations by Peoples**

The eighth factor considers whether the amount of the civil penalty or fine will deter future violations. 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 considerable and appropriately recognize the seriousness of the matter. Further, the Settlement reflects a negotiated compromise by the parties that considers the efforts of Peoples since the incident occurred.

**I. Consistent With Commission Precedent**

The ninth factor considers past Commission decisions of a similar nature. To Peoples' knowledge, the Settlement is consistent with past Commission decisions. Nonetheless, Peoples submits that since this matter was a result of a fair and reasonable compromise, it should be considered on its own merits.

**J. Other Relevant Factors**

The tenth factor considers whether there are any other relevant factors important to this Settlement. Peoples submits that a settlement avoids the necessity for the prosecuting agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a reduced penalty and/or other remedial measures. Both parties negotiated from their litigation positions but reached a mutually agreeable compromise that furthers the Commission's and the Company's safety goals and objectives, without the time and expense involved with litigation.

Based on the foregoing, the Settlement should be considered fair, equitable and reasonable under the Commission's Policy Statement, 52 Pa. Code § 69.1201.

## **V. 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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