



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

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

September 10, 2025

**Via Electronic Filing**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement v.  
PECO Energy Company  
Docket No. C-2024-3049615  
**Joint Petition for Approval of Settlement**

Dear Secretary Homsher:

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

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

Sincerely,

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

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

CBW/nb  
Enclosures

cc: Per Certificate of Service  
Deputy Chief Administrative Law Judge Christopher P. Pell (*via email*)  
Allison C. Kaster, Director, I&E (*via email*)  
Carrie B. Wright, Deputy Chief Prosecutor, I&E (*via email*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. C-2024-3049615
	:	
PECO Energy Company	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL:

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 PECO Energy Company (“PECO,” “Company,” or “Respondent”) hereby submit this Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) to resolve all issues related to the above-docketed I&E Formal Complaint (“Complaint”) proceeding. The Complaint alleges violations of the Public Utility Code, Pennsylvania Code, and Code of Federal Regulations in connection with an incident and injury that occurred on June 25, 2021, at 2936 Susquehanna Avenue, Abington Township, Montgomery County, Pennsylvania. As part of this Settlement Agreement, I&E and PECO (hereinafter referred to collectively as the “Parties” or “Joint Petitioners”) respectfully request that Your Honor issue a decision approving the Settlement without modification. Joint Proposed Conclusions of Law and Ordering Paragraphs are attached hereto as

**Appendix A.** Statements in Support of the Settlement expressing the individual views of I&E and PECO are attached hereto as **Appendix B** and **Appendix C**, respectively.

**I. INTRODUCTION**

1. The Parties to this Settlement Agreement are the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement, by its prosecuting attorneys, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania 17120 and PECO Energy Company, a natural gas distribution company (“NGDC”), with a principal place of business of 2301 Market Street, Philadelphia, PA 19103.

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

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

4. Section 501(a) of the Code, 66 Pa.C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

5. Pursuant to Section 59.33(b) of the Commission’s regulations, 52 Pa. Code § 59.33(b), I&E’s Pipeline Safety Division (“Pipeline Safety”) has the authority to enforce Federal pipeline safety laws and regulations set forth in 49 U.S.C.A. §§ 60101 60503 and as implemented at 49 CFR Parts 191-193, 195 and 199.

The Federal pipeline safety laws and regulations prescribe the minimum safety standards for all natural gas and hazardous liquid public utilities in the Commonwealth.

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

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

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

8. Civil penalties for violations of Federal pipeline safety laws and regulations are adjusted annually to account for changes in inflation pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114-74, § 701, 129 Stat. 599, 28 U.S.C. § 2461 note (Nov. 2, 2015) (amending the Federal Civil Penalties Inflation Adjustment Act of 1990). The applicable adjustment made by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") occurred on December 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).

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

10. PECO, as an NGDC, is subject to the power and authority of the Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission regulations and orders.

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

## **II. BACKGROUND**

12. PECO provides natural gas service to customers in Montgomery County, Pennsylvania.

13. PECO contracted with Henkels and McCoy (“H&M”) for services related to its Accelerated Gas Infrastructure Modernization Program gas project on Susquehanna Avenue in Abington Township (hereinafter referred to as the “Abington Township Project”), Montgomery County, Pennsylvania.

14. On or about June 25, 2021, two H&M crew members, a Foreman and a Basic Mechanic, were performing a tie in to an 80-foot section of a new 8-inch plastic gas main.

15. At approximately 11:50 AM, an H&M crew member used a plastic rotary cutter to cut through an 8-inch plastic main while it was still under 80 psig of air pressure

resulting in the end cap abruptly releasing and causing injuries to the two H&M crew members.

16. The two injured H&M crew members were transported to Abington Hospital. One was released with minor, non-life-threatening injuries and the second sustained more serious injuries and was hospitalized.

17. H&M's Basic Mechanic failed to verify if the overnight test pressure had been removed from the main prior to making a cut and H&M's Foreman failed to verify with the Basic Mechanic that the main was still under pressure.

18. H&M failed to follow PECO's safety procedures.

19. The results of I&E's investigation formed the basis for I&E's Complaint that was filed with the Commission on June 18, 2024 at Docket No. C-2024-3049615. I&E filed proprietary and non-proprietary versions of the Complaint. The Complaint included the following allegations:

- a. PECO's contractor H&M did not take adequate precautions or follow PECO's procedures to prevent serious injury to the H&M crew members while cutting the end cap off of the main pipeline that was still under air pressure.
- b. Respondent and its contractor employees did not follow PECO Procedure GO-PE-1024, Gas Main and Service Line Pressure Tests, which required the crew members verify whether the main was still under test pressure prior to cutting into the main.

20. In its Complaint, I&E made several requests for relief, including that the Commission: (1) find PECO to be in violation of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations for each of the four (4) counts set forth in I&E's Complaint; (2) impose a cumulative civil penalty upon PECO in the amount of One Hundred Thousand Dollars (\$100,000.00); (3) direct PECO to perform each of the corrective

actions detailed in the Complaint; and (4) order such other remedies as the Commission may deem appropriate.

21. On July 8, 2024, PECO filed an Answer and New Matter to the Complaint in which PECO denied the allegations in I&E's Complaint and expressly denied that it violated 49 C.F.R. § 192.13(c), 49 C.F.R. § 192.605(a), or 49 C.F.R. § 192.605(b)(8), the Public Utility Code, implementing regulations, or Commission orders. On July 24, 2024, I&E filed a Reply to the New Matter.

22. On August 1, 2024, an Initial Call-In Telephonic Hearing Notice was issued, scheduling a telephonic prehearing conference for September 26, 2024. On August 8, 2024, the presiding Deputy Chief Administrative Law Judge Christopher Pell ("ALJ Pell") issued a Prehearing Conference Order directing the Parties to comply with various procedural requirements and to file and serve prehearing conference memoranda on or before September 19, 2024.

23. On September 16, 2024, counsel for I&E notified ALJ Pell that the Parties engaged in preliminary settlement discussions, requested that the filing of prehearing conference memoranda and the telephonic prehearing conference be continued, and proposed that the Parties provide monthly status reports to ALJ Pell. Counsel for PECO informed ALJ Pell that it concurred with I&E's request.

24. On September 18, 2024, ALJ Pell issued an Interim Order Cancelling Prehearing Conference and Directing Parties to provide Status Updates. In the Order, ALJ Pell directed the Parties to provide a status report on their ongoing settlement discussions within thirty (30) days of the Interim Order and every thirty (30) days thereafter.

25. I&E and PECO have actively engaged in settlement discussions, and have provided joint status reports on the status of these discussions on October 18, 2024 and November 20, 2024, December 20, 2025, January 21, 2025, February 19, 2025, April 3, 2025, June 18, 2025, and July 18, 2025.

### **III. ALLEGED VIOLATIONS**

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

- a. PECO and its contractors did not take adequate precautions or follow PECO's procedures to prevent serious injury to the H&M Foreman and Basic Mechanic while cutting the end cap off of the main pipeline that was still under air pressure. The procedure to verify there was no pressure on the main line was not followed. If proven, this is a violation of 52 Pa. Code § 59.33(a) (Safety).
- b. PECO and its contractor employees did not follow PECO PROCEDURE GO-PE-1024, Gas Main and Service Line Pressure Tests. The H&M Foreman and Basic Mechanic unknowingly removed a fitting from a pipeline under test pressure. They proceeded to cut the end cap off the main which resulted in serious injuries to both employees. They failed to verify that the main they were working on was still under test pressure. If proven, this is a violation of 49 C.F.R § 192.13(c).
- c. PECO and its contractor employees did not follow PECO PROCEDURE GO-PE-1024, Gas Main and Service Line Pressure Tests. The H&M Foreman and Basic Mechanic unknowingly removed a fitting from a pipeline under test pressure. They proceeded to cut the end cap off the main which resulted in serious injuries to both employees. They failed to verify that the main they were working on was still under test pressure. If proven, this is a violation of 49 C.F.R § 192.605(a) and 49 C.F.R § 192.605(b)(8).

#### IV. ALLEGED DEFENSES

27. If this matter had been litigated rather than resolved through an exchange of information and Settlement discussions, PECO would have contended that it did not violate the provisions of the Public Utility Code, the Pennsylvania Code or the Code of Federal Regulations as alleged in the Complaint and would have contended the following in response to each of the counts alleged in the Complaint:

- a. Safety is a core value of PECO and PECO continually evaluates its policies and procedures for improvements in safety and operational effectiveness.
- b. The Project's governing documents (the "Contract") required H&M to follow all applicable PECO policies, processes, and procedures, including, but not limited to, PECO's Gas Main Installation General Specifications, G-2005, Gas Main Pressure Testing Specifications, G-2008, and Gas Main and Service Line Pressure Tests, PECO Administrative Procedure, GO-PE-1024.
- c. Section 11.1.5 of PECO's Gas Main Installation General Specifications, G-2005, requires that contractors seal and pressurize newly installed gas mains after each shift, in order to prevent water intrusion.
- d. PECO provided GO-PE-1024, G-2005, and G-2008 to H&M, and H&M was aware of the requirements of these documents at all times relevant to the Project.
- e. Both Foreman and Basic Mechanic had received OSHA 10-hour safety training and H&M training specific to safe practices when working on piping and removing fittings.
- f. H&M gave its employees a Health, Safety and Environmental Handbook which included the following directives:
  - Bleed pressure off into the atmosphere;
  - Stand to the side when removing pipe fittings or tapping pipe; and
  - Always assume that an existing line has pressure on it.
- g. Basic Mechanic was aware of the directives in H&M's safety handbook and had safely removed end caps multiple times.

- h. H&M's customary operating procedure was to use a guillotine cutter to remove an end cap. The guillotine cutter permits an operator to stand to the side when removing a pipe fitting.
- i. As of the day of the incident, H&M had already installed approximately 600 feet of the 1,000 feet project and had safely performed the task of cutting and removing end caps multiple times.
- j. On the day of the incident, H&M was in the process of installing/connecting an additional section of gas line to an existing gas line which had been installed, capped and pressurized on the previous day.
- k. In violation of the Contract, PECO Administrative Procedure, GO-PE-1024, H&M and the Basic Mechanic did not verify that the pressure had been released prior to removing the end cap.
- l. Contrary to H&M's customary operating procedure, Basic Mechanic used a rotary cutter to remove the end cap and stood in front of the pipe.
- m. In violation of H&M's Health, Safety, and Environmental Handbook, and contrary to H&M's customary operating procedures, Basic Mechanic did not: bleed pressure off into the atmosphere; stand to the side when removing pipe fittings or tapping pipe; and always assume that an existing line has pressure on it.
- n. The injuries sustained by Basic Mechanic and Foreman were the direct result of H&M's violation of its Contract with PECO, failure to follow PECO's written administrative procedures, failure to follow the training, violation of H&M's own safety directives, and failure to follow H&M's own customary operating procedures.
- o. Had H&M complied with the Contract, followed PECO Administrative Procedure GO-PE-1024, and adhered to the training, the incident would not have occurred.
- p. Had H&M followed its own safety directives and customary operating procedures, the incident would not have occurred.

## V. SETTLEMENT TERMS

28. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest,<sup>1</sup> I&E and PECO held a series of discussions and meetings after the filing of I&E's Complaint that culminated in this Settlement. The purpose of this Joint Petition for Approval of Settlement is to terminate I&E's Complaint and to settle this matter completely without further litigation. Although I&E filed a Formal Complaint, there has been no evidentiary hearing before the Commission, and no sworn testimony has been taken in this proceeding related to this incident.

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

30. 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.

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

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<sup>1</sup> See 52 Pa. Code § 5.231(a).

**A. Civil Penalty:**

PECO will pay a civil penalty in the amount of Forty Thousand Dollars (\$40,000.00) 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 payable to the “Commonwealth of Pennsylvania.” The docket number of this proceeding, C-2024-3049615, will be indicated 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). PECO will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding.

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

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

**C. Energy Based Hazard Recognition:**

PECO engages in a process of continual learning and continuous improvement regarding the safety of its operations. In the time period between the incident, June 25, 2021, and the filing of the underlying Formal Complaint, PECO adopted its Energy-Based Hazard Recognition policy (SA-PE-P3014). The purpose of this policy “is to provide guidelines for the application of Energy-Based Hazard Recognition in safety activities,” including where relevant, the release of pressure from gas pipes. PECO shall continue to follow its Energy-Based Hazard Recognition policy (SA-PE-P3014), or an equivalent policy, which is subject to ongoing review by PECO. PECO shall provide access to its Energy-Based Hazard Recognition tool, or an equivalent tool, to second-party contractors. Where appropriate, PECO shall continue to share best practices regarding the preparation of job safety briefings in its discussions, communications, and onboarding meetings with second-party contractors.

**D. Onboarding and Oversight:**

In the time period between the incident, June 25, 2021, and the filing of the underlying Formal Complaint, PECO adopted PECO Gas Contractor Quality Inspection Process (GO-EU-P008). This policy “provide[s] oversight for evaluating second-party contractors’ field quality and adherence to gas construction standards and procedures while managing safety, risk, environmental, and human performance events.” PECO shall continue to communicate updated standards, policies, procedures, safety and human performance issues to second-party contractors as identified in PECO Gas Contractor Quality Inspection Process (GO-EU-P008), or equivalent policy, which is subject to ongoing review by PECO.

Additionally, PECO shall continue to provide energy-based hazard training to PECO employees as identified above in PECO Energy-Based Hazard Recognition policy (SA-PE-P3014), or an equivalent policy, which is subject to ongoing review by PECO. PECO shall continue to provide onboarding to second-party contractors working on its gas system as identified in PECO Administrative Procedure Contractor Onboarding and Oversight (GO-PE-09029), or an equivalent policy, which is subject to ongoing review by PECO. This onboarding includes a review of PECO policies and procedures, including procedures regarding the verification of release of pressure from gas pipes. PECO shall continue to periodically require re-certification of operator qualifications for second-party contractor employees. PECO shall continue to track operator qualification certifications for PECO and contractor employees, in its Learning Management System or a similar system.

**E. Quality Assurance and Quality Control:**

PECO shall continue to utilize PECO’s Gas Capital Main & Service Construction Technical Specifications, or equivalent PECO document, which is subject to ongoing review by PECO, to contractually require second-party contractors to maintain their own Quality Assurance and Quality Control programs. PECO shall continue to maintain its PECO Gas Contractor Quality Inspection Process (GO-EU-P008), or equivalent policy, which is subject to ongoing review by PECO, which program provides that PECO review, approve, and periodically audit second-party contractor quality assurance programs.

**F. Federal and State Safety Regulatory Compliance:**

PECO shall continue to contractually require second-party contractors to comply with relevant federal and state safety regulations as identified in PECO Gas Contractor Quality Inspection Process (GO-EU-P008) and PECO's Gas Capital Main & Service Construction Technical Specifications, or equivalent documents, policies or procedures, which are subject to ongoing periodic review by PECO. PECO shall continue to conduct periodic safety audits, including on-site audits at second-party contractor job sites to inspect field work for quality and compliance with construction standards. PECO shall continue to verify that second-party contractors have the appropriate operator qualifications for the tasks being performed.

**G. Pipeline Safety Management System:**

PECO shall maintain its Pipeline Safety Management System policy and program as identified in PECO Pipeline Safety Management System Policy (GO-EU-Y002) and PECO Pipeline Safety Management System Program (GO-EU-P0004), or equivalent policies or programs, which are subject to ongoing periodic review by PECO.

**H. Occurrence Response, Investigation, and Lessons Learned:**

PECO shall continue to follow its incident response, reporting, and investigation procedures as identified in PECO Incident Response, Reporting and Investigation Procedure (PC-EU-09015), PECO's Gas Capital Main & Service Construction Technical Specifications, and PECO Gas Contractor Quality Inspection Process (GO-EU-P008), or equivalent policies or procedures, which are subject to ongoing periodic review by PECO. PECO may prepare or may contractually require the second-party contractor to prepare a condition report, apparent cause evaluation ("ACE") or root cause investigation ("RCI"), as appropriate. To the extent PECO has performed the investigation, PECO shall track completion of corrective actions. With respect to investigations performed by second-party contractors, PECO will continue, where appropriate, to review the corrective actions identified in the contractor's investigation. PECO may continue to share with its second-party contractors, where appropriate, corrective actions and lessons learned from both PECO investigations and second-party contractor investigations shared with PECO, in its safety bulletins, general contractor safety meetings, and individual contractor performance meetings.

**I. Pressure Test Plug Feasibility Study:**

PECO agrees to conduct a feasibility study to evaluate the safety, effectiveness, and viability of utilizing pressure test end plugs (the “Plugs”) during construction and maintenance activities. The feasibility study aims to determine the effectiveness of the Plugs in enhancing the safety and efficiency of pressure testing polyethylene pipes. PECO’s feasibility study will focus on nominal pipe sizes of 4”, 6”, and 8” to be tested and evaluated by PECO’s Gas Engineering, Methods, and Training. The Plugs are intended to increase safety and efficiency during construction and maintenance activities. The Plugs are intended to provide the option to include pressure gauges to ensure workers are knowledgeable of whether the pipe is pressurized and prevent disconnections when the pipe is pressurized. The Plugs are also intended to obviate the need to fuse and cut end caps during construction and maintenance activities. Following the completion of the feasibility study, PECO shall provide the Commission’s Pipeline Safety Division a technical report summarizing the results and outlining the steps for potential full implementation of the Plugs. The feasibility study and technical report will be completed within 6 months of the Commission’s Order adopting this settlement.

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

33. Following the performance of the non-monetary, remedial measures referenced in Paragraph 31.I. above, PECO will file with the Commission a verification acknowledging that each non-monetary, remedial measure has been met or complied with, pursuant to 52 Pa. Code § 5.591.

34. The Parties agree that this Settlement, and PECO filing a verification referenced in Paragraph 33 above, shall be deemed to constitute full and complete satisfaction by PECO of all obligations relating to the issues raised in, within the scope of, or related to I&E’s Formal Complaint.

35. I&E and PECO jointly acknowledge that approval of this Settlement Agreement is in the public interest and fully consistent with the Commission's Policy Statement regarding Factors and Standards for Evaluating Litigated and Settled Proceedings, 52 Pa. Code § 69.1201. The Parties submit that the Settlement Agreement is in the public interest because it effectively addresses the allegations in I&E's Formal Complaint and avoids the time and expense of further litigation, which entails hearings, travel for out-of-state witnesses, and the preparation and filing of briefs, exceptions, and reply exceptions, as well as possible appeals. Attached as **Appendices B** and **C** are Statements in Support submitted by I&E and PECO, respectively, setting forth the bases upon which the Parties believe the Settlement Agreement is in the public interest.

## **VI. CONDITIONS OF SETTLEMENT**

36. This document represents the Settlement Agreement in its entirety and constitutes a negotiated resolution solely of the above-referenced proceeding at Docket No. C-2024-3049615. 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.

37. 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.

38. 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.

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

40. 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, PECO has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in any 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 person or entity as a concession or admission of fact or law.

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

42. 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.


43. The Settlement, including all terms, representations and conditions therein, are the result of negotiations and compromises between the Joint Petitioners and therefore shall not be admissible in any civil proceeding in accordance with Pennsylvania Rule of Evidence 408 and Federal Rule of Evidence 408.

44. 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 PECO Energy Company respectfully request that the Commission issue an Order granting the Joint Petition for Approval of Settlement and approving the terms of this Settlement Agreement in their entirety, without modification, as being in the public interest.

[Signature Page to Follow]


Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

By:   
\_\_\_\_\_  
Colby B. Widdowson  
Prosecutor  
PA Attorney ID No. 326185  
Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
[cwiddowson@pa.gov](mailto:cwiddowson@pa.gov)

Date: September 10, 2025

Respectfully Submitted,

PECO Energy Company

  
By: \_\_\_\_\_  
Anthony E. Gay  
Vice President & General Counsel  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19103  
[anthony.gay@exeloncorp.com](mailto:anthony.gay@exeloncorp.com)

Date: 9/8/25

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
v. : Docket No. C-2024-3049615  
PECO Energy Company :

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

**A. Proposed Conclusions of Law**

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

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

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

4. Pursuant to Section 59.33(b) of the Commission’s regulations, 52 Pa. Code § 59.33(b), I&E’s Pipeline Safety Division has the authority to enforce Federal pipeline safety laws and regulations set forth in 49 U.S.C.A. §§ 60101-60503 and as implemented at 49 CFR Parts 191-193, 195 and 199. The Federal pipeline safety laws and regulations prescribe the

minimum safety standards for all natural gas and hazardous liquid public utilities in the Commonwealth.

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

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

7. The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), on December 30, 2024 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. It is the policy of the Commission to encourage settlements. 52 Pa. Code § 5.231(a).

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

10. The Joint Petition for Settlement submitted by I&E and PECO, including the \$40,000 civil penalty and numerous remedial measures is reasonable and in the public interest.

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

**B. Proposed Ordering Paragraphs**

1. That the Joint Settlement Petition filed on September 10, 2025 between the Commission’s Bureau of Investigation and Enforcement and PECO Energy Company is granted and the terms of the Settlement Agreement are approved in their 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, PECO Energy Company will pay a civil penalty of Forty Thousand Dollars (\$40,000.00). Said payment will be made 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 PECO Energy Company’s customers in Pennsylvania.

4. That upon fulfillment of the non-monetary, remedial measures set forth in Paragraph 31.I. of the Joint Petition for Settlement, PECO Energy Company will file with the

Commission a verification acknowledging compliance with each non-monetary remedial measure, pursuant to 52 Pa. Code § 5.591.

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

6. That upon receipt of the civil penalty and the verifications acknowledging that the non-monetary remedial measures set forth in Paragraph 31.I. of the Joint Petition for Settlement have been fulfilled the above-captioned matter shall be marked closed.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
 :  
v. : Docket No. C-2024-3049615  
 :  
PECO Energy Company :

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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 DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL:

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 PECO Energy Company (“PECO,” “Respondent,” or “Company”).<sup>1</sup> I&E avers that the terms and conditions of the Settlement are just and reasonable and in the public interest for the reasons set forth herein.

**I. Background**

I&E’s Pipeline Safety Division conducted an in-depth investigation of June 25, 2021 incident, in which two employees of PECO’s contractor, Henkels and McCoy (“H&M”),

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

were injured after cutting into a plastic pipe that was under 80 psig of test pressure. H&M did not take adequate precautions or follow PECO's procedures to prevent serious injury to the H&M crew members while cutting the end cap off of the main pipeline that was still under air pressure and did not follow PECO Procedure GO-PE-1024, Gas Main and Service Line Pressure Tests, which required the crew members to verify whether the main was still under test pressure prior to cutting into the main. The results of the investigation formed the basis for the allegations set forth in I&E's Formal Complaint ("Complaint"), which was filed on June 18, 2024.

The crux of I&E's Complaint alleged that PECO and its contractor, H&M, failed follow PECO's procedures as they pertain to preventing injury while cutting the end cap off of a pipeline and verifying whether the main is under pressure. I&E's Complaint alleged the following specific violations of the Public Utility Code, Pennsylvania Code, and Code of Federal Regulations at:

- a. PECO and its contractors did not take adequate precautions or follow PECO's procedures to prevent serious injury to the H&M Foreman and Basic Mechanic while cutting the end cap off of the main pipeline that was still under air pressure. The procedure to verify there was no pressure on the main line was not followed. If proven, this is a violation of 52 Pa. Code § 59.33(a) (Safety);
- b. PECO and its contractor employees did not follow PECO PROCEDURE GO-PE-1024, Gas Main and Service Line Pressure Tests. The H&M Foreman and Basic Mechanic unknowingly removed a fitting from a pipeline under test pressure. They proceeded to cut the end cap off the main which resulted in serious injuries to both employees. They failed to verify that the main they were working on was still under test pressure. If proven, this is a violation of 49 C.F.R § 192.13(c); and
- c. PECO and its contractor employees did not follow PECO PROCEDURE GO-PE-1024, Gas Main and Service Line Pressure Tests. The H&M Foreman and Basic Mechanic unknowingly removed a fitting from a pipeline under test pressure. They proceeded to cut the end cap off the main which resulted in

serious injuries to both employees. They failed to verify that the main they were working on was still under test pressure. If proven, this is a violation of 49 C.F.R § 192.605(a) and 49 C.F.R § 192.605(b)(8).

I&E's Complaint sought relief in the form of a civil penalty of \$100,000.00, as well as a number of corrective measures designed to reduce risk associated with testing pipelines and cutting or removing end caps.

On July 8, 2024, PECO filed an Answer and New Matter to the Complaint in which PECO denied the allegations in I&E's Complaint and expressly denied that it violated 49 C.F.R. § 192.13(c), 49 C.F.R. § 192.605(a), or 49 C.F.R. § 192.605(b)(8), the Public Utility Code, implementing regulations, or Commission orders. On July 24, 2024, I&E filed a Reply to the New Matter.

On August 1, 2024, an Initial Call-In Telephonic Hearing Notice was issued, scheduling a telephonic prehearing conference for September 26, 2024. On August 8, 2024, the presiding Deputy Chief Administrative Law Judge Christopher Pell ("ALJ Pell") issued a Prehearing Conference Order directing the Parties to comply with various procedural requirements and to file and serve prehearing conference memoranda on or before September 19, 2024.

On September 16, 2024, counsel for I&E notified ALJ Pell that the Parties engaged in preliminary settlement discussions, requested that the filing of prehearing conference memoranda and the telephonic prehearing conference be continued, and proposed that the Parties provide monthly status reports to ALJ Pell. Counsel for PECO informed ALJ Pell that it concurred with I&E's request.

On September 18, 2024, ALJ Pell issued an Interim Order Cancelling Prehearing Conference and Directing Parties to provide Status Updates. In the Order, ALJ Pell directed

the Parties to provide a status report on their ongoing settlement discussions within thirty (30) days of the Interim Order and every thirty (30) days thereafter. I&E and PECO actively engaged in settlement discussions and provided joint status reports on the status of these discussions.

The Parties filed a Joint Petition for Approval of Settlement in the instant matter resolving all issues between I&E and PECO. This Statement in Support is submitted in conjunction with the Settlement Agreement.

**II. The Public Interest**

Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. These discussions culminated in this Settlement Agreement, which, once approved, will resolve all issues related to I&E's Formal Complaint proceeding. PECO has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist PECO in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process. The Settlement, if approved, will provide substantial public benefits including improved safety procedures, education, training, and quality assurance/quality control.

I&E intended to prove the factual allegations set forth in its Formal Complaint at hearing and which PECO would have disputed. This Settlement Agreement results from the compromises of the Parties. I&E recognizes that, given the inherent unpredictability of the outcome of a contested proceeding, the benefits to amicably resolving the disputed issues through settlement outweigh the risks and expenditures of litigation. I&E submits that the Settlement constitutes a reasonable compromise of the issues presented and is in the public

interest as it provides for a number of relevant corrective measures, as well as a substantial civil penalty. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

**III. Terms of Settlement**

Under the terms of the Settlement Agreement, I&E and PECO have agreed to a substantial civil penalty and extensive remedial measures which enhance safety and directly respond to the allegations raised in the Formal Complaint. In an effort to not repeat verbatim the pages of remedial and safety measures outlined in the Joint Petition, the main categories are as follows:

1. PECO will pay a civil penalty of Forty Thousand Dollars (\$40,000.00), which will not be tax deductible or recovered in any future rate making proceeding (Paragraph 31(A));
2. PECO has taken affirmative action and has adopted its Energy-Based Hazard Recognition policy (SA-PE-P3014). The purpose of this policy is to provide guidelines for the application of Energy-Based Hazard Recognition in safety activities, including the release of pressure from gas pipes (Paragraph 31(C));
3. PECO has taken affirmative action and adopted PECO Gas Contractor Quality Inspection Process (GO-EU-P008), which provides oversight for evaluating second-party contractors' field quality and adherence to gas construction standards and procedures while managing safety, risk, environmental, and human performance events. Additionally, PECO shall continue to provide energy-based hazard training to PECO employees as identified above in PECO Energy-Based Hazard Recognition policy (SA-PE-P3014) (Paragraph 31(D));
4. PECO will continue to utilize PECO's Gas Capital Main & Service Construction Technical Specifications, or equivalent PECO document, which is subject to ongoing review by PECO, to contractually require second-party contractors to maintain their own Quality Assurance and Quality Control programs. (Paragraph 31(E));
5. PECO will continue to contractually require second-party contractors to comply with relevant federal and state safety regulations as identified in PECO Gas Contractor Quality Inspection Process (GO-EU-P008) and PECO's Gas

Capital Main & Service Construction Technical Specifications (Paragraph 31(F)); and

6. PECO will maintain its Pipeline Safety Management System policy and program as identified in PECO Pipeline Safety Management System Policy (GO-EU-Y002) and PECO Pipeline Safety Management System Program (GO-EU-P0004) (Paragraph 31(G));
7. PECO will continue to follow its incident response, reporting, and investigation procedures as identified in PECO Incident Response, Reporting and Investigation Procedure (PC-EU-09015), PECO's Gas Capital Main & Service Construction Technical Specifications, and PECO Gas Contractor Quality Inspection Process (GO-EU-P008) (Paragraph 31(H)); and
8. PECO will conduct a feasibility study to evaluate the safety, effectiveness, and viability of utilizing pressure test end plugs during construction and maintenance activities (Paragraph 31(I)).

In consideration of PECO's payment of a civil penalty and numerous remedial measures, I&E agrees that it has released PECO from all past claims that were or could have been made for monetary and/or other relief based on allegations associated with the investigation into the June 25, 2021 incident that resulted in injuries after a pipe, under 80 psig of test pressure, was cut.

#### **IV. Legal Standard for Settlement Agreements**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the Parties must expend on litigating a case and conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. "The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a 'burden of proof' standard, as is utilized for contested matters." *Pa. Pub. Util. Comm'n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is

whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M- 00031768 (Order entered January 7, 2004).

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

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

The first factor considers whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty while conduct that is less egregious warrants a lower amount. 52 Pa. Code § 69.1201(c)(1). I&E submits that the conduct alleged in the Complaint does not rise to the level of willful fraud or misrepresentation, but is of a more serious nature than a mere administrative error. I&E alleges that the conduct at issue includes the failure to take adequate precautions or follow PECO's procedures to prevent serious injury to the H&M

crew members while cutting the end cap off of the main pipeline that was still under air pressure and the failure to follow PECO procedures, which required the crew members verify whether the main was still under test pressure prior to cutting into the main. All of which, resulted in minor injuries to one employee and serious injuries to a second employee.

I&E submits that any conduct involving the failure to follow safety procedures and the cutting into a pipeline under test pressure should be taken seriously due to the inherent danger involved when the pressure is released in an uncontrolled manner. Further, the actions and inactions of PECO described above constitute conduct that placed the public safety at risk, and therefore, I&E submits that the civil penalty is warranted in this case. The seriousness of the conduct at issue is addressed in the costly and extensive, corrective measures that the Company has already taken and will take, as well as the payment of the agreed-upon civil penalty.

The second factor considers whether the resulting consequences of PECO's alleged conduct were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(2). In this case, minor injuries to one employee and serious injuries to a second employee. As I&E has alleged, the failure to follow safety procedures and the failure to verify the pipe was under test pressure, prior to cutting, could have resulted in even more serious consequences and represented a threat to public safety.

The agreed-upon civil penalty and remedial measures of the Settlement acknowledge that serious consequences occurred and are designed to further enhance the safety of PECO's service and facilities, especially as it pertains conducting pressure tests and installing pipeline.

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 PECO’s alleged conduct was intentional or negligent does not apply since this matter is being resolved by settlement of the Parties.

The fourth factor to be considered is whether PECO 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, PECO has proactively implemented actions to correct the conduct at issue and prevent similar future conduct. The implemented actions include its Energy-Based Hazard Recognition policy (SA-PE-P3014) and PECO Gas Contractor Quality Inspection Process (GO-EU-P008). PECO’s Energy-Based Hazard Recognition policy (SA-PE-P3014) provides guidelines for the application of Energy-Based Hazard Recognition in safety activities, including where relevant, the release of pressure from gas pipes. The PECO Gas Contractor Quality Inspection Process (GO-EU-P008) provides oversight for evaluating second-party contractors’ field quality and adherence to gas construction standards and procedures while managing safety, risk, environmental, and human performance events. Additionally, PECO has agreed to take further remedial action. A comprehensive list of the remedial actions that PECO has agreed to undertake is outlined in the Settlement Agreement at Paragraph 31.

Each of the remedial actions and commitments described at Paragraph 31 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 PECO 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 PECO is taking appropriate actions to enhance the safety of its distribution system, improve the reliability of its operations, and prevent similar occurrences in the future. These improvements will provide a significant benefit to public safety.

The fifth factor to be considered relates to the number of customers affected by the Company's actions and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). In this matter, there is no evidence that customers suffered adverse consequences such as loss of service or property damage.

The sixth factor to be considered relates to the compliance history of PECO. 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.* PECO has had instances of compliance issues in the preceding 10-year time period.<sup>2</sup> In that time span, there were three significant matters based on PECO's failure to follow the Code, Commission regulations, and/or the Code of Federal Regulations.<sup>3</sup>

In *Pa. Pub. Util. Comm'n v. PECO Energy Company*, Docket No. C-2015-2479970 (Order entered October 27, 2016), a settlement between I&E and PECO arose following a natural gas explosion that occurred on July 17, 2014, at 118 Penrose Lane, Coatesville, Pennsylvania (Penrose Lane), when PECO was performing an uprating project. The

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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> A fourth and relatively minor matter was resolved at *Pa. Pub. Util. Comm'n, Bureau of Investigation and Enforcement v. PECO Energy Company*, Docket Number C-2024-3052320. In this matter a Formal Complaint was filed alleging that PECO failed to produce documents in response to I&E's Data Request. The matter was resolved after PECO produced the requested document and paid a \$7,500 civil penalty.

explosion was caused when PECO failed to discover that the service at Penrose Lane was connected to the low pressure distribution system PECO would be upgrading. The I&E investigation led to allegations PECO violated various provisions of Part 192 of Title 49 of the Code of Federal Regulations and Commission Regulations. The Commission approved a settlement agreement wherein PECO agreed to pay a civil penalty amount of \$900,000.00.

In *Pa. Pub. Util. Comm'n v. PECO Energy Company*, Docket No. C-2015-2514773 (Order entered April 20, 2017), a settlement between I&E and PECO arose following a natural gas explosion at Rosemont College on August 7, 2013, that injured two people. The explosion was caused when Rosemont College employees using a drill rig and auger to install a light pole at the Rosemont College athletic fields struck a four-inch gas line owned and operated by PECO. The I&E investigation led to allegations PECO did not carry out a written program to prevent damage from excavation activities and failed to have a procedure for continuing surveillance. The Commission approved a settlement agreement wherein PECO agreed to pay a civil penalty amount of \$15,000.00.

In *Michael Liddy v. PECO Energy Company*, Docket No. C-2021-3028123 (Order entered August 4, 2022), a Formal Complaint was filed by a PECO customer alleging reliability, safety, or quality problems with his electric and gas services. The customer alleged that PECO improperly denied his application for the installation of a gas-powered generator at his property. Following a hearing the Commission found that PECO provided the customer with unreliable and inadequate electric and gas service in violation of Section 1501 of the Public Utility Code. The Commission ordered PECO to pay a civil penalty amount of \$10,000.00.

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.* PECO has been cooperative with the Commission investigation from the outset through the settlement process. Since the filing of the Complaint, PECO has been cooperative with I&E related to identifying policies and procedures, facilities, and training that can be further improved to assist PECO 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 PECO's conduct and the nature of the resulting consequences, a civil penalty amount of \$40,000.00, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty payment in this case. I&E further submits that the monetary cost of PECO's performance of all the remedial measures is sufficient to deter PECO 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.

A past Commission decision in a similar situation exists at *Pa. Pub. Util. Comm'n v. Columbia Gas of Pennsylvania, Inc.*, Docket No. M-2016-2378672 (Order entered December 7, 2017) (“Columbia Gas settlement”). At this matter, a consolidated settlement was filed to resolve two incidents involving injury. In the first incident, a contractor employee for Columbia Gas cut into a pipe that was under test pressure and the end cap blew off from the pressurized main segment and struck the contractor employee in the lower leg, resulting in severe injury. In the second incident, a contractor employee for Columbia Gas was injured during pipe pigging operations. In regards to the first incident, I&E alleged failure to follow gas safety procedures and failure to exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected to. In regards to the second incident, I&E alleged a failure to exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected to. Ultimately, the Commission approved a settlement agreement wherein Columbia agreed to pay a civil penalty of \$50,000.00.

While the instant matter and the Columbia Gas settlement are comparable in that injuries resulted from a contractor employee cutting into a pipe under test pressure, the two matters are able to be differentiated on two major points. First, the Columbia Gas settlement resolved two separate incidents versus the single incident in this matter. Second, PECO took proactive steps, prior to the filing of the Complaint, to address this underlying incident by developing and implementing its Energy-Based Hazard Recognition policy (SA-PE-P3014) and PECO Gas Contractor Quality Inspection Process (GO-EU-P008). Taking into

consideration the Columbia Gas settlement and the similarities and differences between it and the instant matter, I&E believes that the civil penalty is warranted in this case.

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  
PA Attorney ID No. 326185

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
(717) 787-2139  
[cwiddowson@pa.gov](mailto:cwiddowson@pa.gov)

Dated: September 10, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,  
Bureau of Investigation & Enforcement

v.

PECO Energy Company

Docket No. C-2024-3049615

**PECO ENERGY COMPANY'S  
STATEMENT IN SUPPORT OF SETTLEMENT**

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL:

**I. INTRODUCTION**

PECO Energy Company (“PECO”) hereby submits this Statement in Support of Settlement (“Settlement”) entered into by PECO and the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) in the above-captioned proceeding. The Settlement, if approved, resolves all issues in the above-captioned proceeding, which concerned I&E’s investigation and formal complaint in connection with an incident that occurred on June 25, 2021 in Abington Township, where two Henkels and McCoy (“H&M”) employees were injured while cutting a pressurized section of new 8-inch plastic main during installation on Susquehanna Avenue as part of PECO’s Accelerated Gas Infrastructure Modernization Program gas project (the “Incident”).

The Settlement reflects a cooperative exchange and review of information between I&E and PECO to evaluate PECO’s policies and procedures focused on safety that were developed or updated following the Incident. In addition, the Settlement includes a feasibility program to evaluate new pressure test end pipe plugs (“Plugs”) that: (1) avoid the need to cut pressured pipe sections during pipe installation; (2) are restricted from being removed when the pipe is

pressurized; and (3) have the ability to include a pressure gauge directly on the Plug. The Settlement, if approved, will provide substantial public benefits because PECO has made commitments to continue its series of safety policies and programs that were developed following the Incident, and has committed to conduct a feasibility program to purchase and test the Plugs that could directly address the circumstances surrounding the Incident. Moreover, the Settlement obviates the need for I&E, PECO, and the Commission to devote substantial time and resources to a litigated Formal Complaint proceeding. For these reasons and those set forth below, PECO believes the Settlement is just and reasonable and in the public interest and, therefore, should be approved without modification.

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

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231(a). Settlements reduce the time and expense the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401.

## **III. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

To approve a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *See Pa. P.U.C. v. Peoples TWP LLC*, Docket Nos. R-2013-23355886, *et al.* (Order entered Dec. 19, 2013); *Warner v. GTE North, Inc.*, Docket No. C-00902815, *et al.* (Order entered Apr. 1, 1996); *Pa. P. U.C. v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767, 771 (1991). The Commission should approve the Settlement without modification because the Settlement's terms and conditions represent a fair and reasonable compromise and adequately reflect: (1) PECO's cooperation in this proceeding; (2) PECO's commitments to safety and to preventing a similar incident from occurring in the future; and (3) PECO's endeavor to operate in the public's best interest.

## **A. SETTLEMENT PROVISIONS**

Paragraph 31.A. of the Settlement provides that PECO will pay a civil penalty of \$40,000. PECO's payment of this civil penalty will "be made within thirty (30) days of the date of the Commission's Final Order approving the Settlement Agreement." (Settlement ¶ 31.A.)

Paragraph 31.C. provides that PECO will continue to utilize its Energy-Based Hazard Recognition policy (SA-PE-P3014), or an equivalent policy, which was developed after the Incident to identify potential hazards, including the release of pressure from gas pipes.

Paragraph 31.D. further provides that PECO will continue to utilize its Gas Contractor Quality Inspection Process (GO-EU-P008), or an equivalent policy, which was again developed after the Incident, to "provide oversight for evaluating second-party contractors' field quality and adherence to gas construction standards and procedures while managing safety, risk, environmental, and human performance events." In addition, PECO will continue to train its employees on the Energy-Based Hazard Recognition policy (SA-PE-P3014), or an equivalent policy, and onboard second-party contractors working on its gas system as identified in PECO's Administrative Procedure Contractor Onboarding and Oversight policy (GO-PE-09029), or an equivalent. This onboarding requires a review of PECO's policies and procedures, including all procedures relating to the verification of the release of pressure from gas pipes. PECO will also track operator qualifications and continue to periodically require re-certification of these qualifications.

Paragraph 31.E of the Settlement provides that PECO will continue to utilize its Gas Capital Main & Service Construction Technical Specifications, or an equivalent PECO document, to contractually require second-party contractors to maintain their own Quality Assurance and Quality Control programs. PECO will also maintain its current PECO Gas Contractor Quality

Inspection Process (GO-EU-P008), or an equivalent policy, which requires PECO to review, approve, and periodically audit second-party contractor quality assurance programs.

Paragraph 31.F provides that PECO will continue to require second-party contractors to comply with federal and state safety regulations, and PECO will continue to conduct periodic safety audits of second-party contractors.

Paragraph 31.G provides that PECO will continue to maintain its Pipeline Safety Management System Policy and Program, or equivalent programs and policies, identified as GO-EU-Y002 and GO-EU-P0004.

Paragraph 31.H provides that PECO will continue to follow its incident response, reporting and investigation procedures identified in PECO's Incident Response, Reporting and Investigation Procedure (PC-EU-09015), PECO's Gas Capital Main & Service Construction Technical Specifications, and PECO's Gas Contractor Quality Inspection Process (GO-EU-P008), or equivalent policies, which require apparent cause evaluation ("ACE") or root cause investigation ("RCI") of all incidents. In addition, PECO will continue to share corrective actions and lessons learned from its investigations and second-party contractor investigations.

Lastly, Paragraph 31.I of the Settlement provides that PECO will conduct a Pressure Test Plug Feasibility, which will evaluate the safety, effectiveness, and viability of utilizing the Plugs during construction and maintenance activities. PECO identified and evaluated the Plugs during the course of negotiations with I&E in this proceeding. The Plugs are currently used by various operators, including Liberty Utilities of New Hampshire, PSE&G, Central Hudson Gas & Electric, JF Kiely, Isco Industries, and Gas Technology Institute (GTI). PECO's feasibility study will focus on nominal pipe sizes of 4 inches, 6 inches, and 8 inches.

PECO identified the benefits of the Plugs to include: (1) a leak-proof seal; (2) simple installation; (3) expedited pressure testing process; (4) keeping the pipe ends clean and sealed; (5) providing secondary restraint of the Plugs; (6) allowing for the installation of a pressure gauge at the end of the main segment; (7) engaging with the internal diameter of the pipe and keeping it secure even if an attempt is made to remove the plug while the pipe is pressurized; (8) increasing pull-out resistance proportionally with internal pressure; and (9) ensuring the Plugs are designed to withstand harsh conditions and to minimize maintenance. The feasibility study will involve internal testing, with 80 hours performed by Senior Methods Specialists. The anticipated study timeline is approximately 14 weeks. Following the conclusion of the study, PECO will prepare a technical report and provide the report to the Commission's Pipeline Safety Division. The anticipated cost of the study is \$40,000.

## **B. FACTORS AND STANDARDS FOR EVALUATING LITIGATED AND SETTLED PROCEEDINGS**

When evaluating litigated and settled proceedings involving alleged violations of the Public Utility Code and the Commission's regulations, the Commission considers a series of factors and standards to determine whether the Settlement conditions are reasonable and in the public interest. Those factors and standards are as follows:

(1) Whether the conduct at issue was of a serious nature. When conduct of a serious nature is involved, such as willful fraud or misrepresentation, the conduct may warrant a higher penalty. When the conduct is less egregious, such as administrative filing or technical errors, it may warrant a lower penalty.

(2) Whether the resulting consequences of the conduct at issue were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty.

(3) Whether the conduct at issue was deemed intentional or negligent. This factor may only be considered in evaluating litigated cases. When conduct has been deemed intentional, the conduct may result in a higher penalty.

(4) Whether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.

(5) The number of customers affected and the duration of the violation.

(6) The compliance history of the regulated entity which committed the violation. An isolated incident from an otherwise compliant utility may result in a lower penalty, whereas frequent, recurrent violations by a utility may result in a higher penalty.

(7) Whether the regulated entity cooperated with the Commission's investigation. Facts establishing bad faith, active concealment of violations, or attempts to interfere with Commission investigations may result in a higher penalty.

(8) The amount of the civil penalty or fine necessary to deter future violations. The size of the utility may be considered to determine an appropriate penalty amount.

(9) Past Commission decisions in similar situations.

(10) Other relevant factors.

52 Pa. Code § 69.1201(c)(1)-(10).

Here, the Commission's factors and standards weigh in favor of the agreed-upon Settlement conditions. First, the Company did not engage in willful fraud or misrepresentation that could warrant a higher civil penalty. *See id.* at § 69.1201(c)(1).

Second, PECO acknowledges that the Incident involved injuries to two second-party H&M contractor employees while working on PECO's facilities. *See id.* at § 69.1201(c)(2). PECO takes seriously any injury that occurs at PECO's facilities. While not intending to minimize the seriousness of injuries occurring at its facilities, PECO's position, as outlined in Paragraph 27 of the Settlement, is that the Incident occurred as a result of H&M's employees violating PECO's and H&M's policies and procedures. Notwithstanding this position, PECO continually strives to

improve safety, and as identified in Paragraphs 31.C and D of the Settlement, PECO adopted policies following the Incident that addressed safety concerns, including pressurized pipes.

The third factor is inapplicable because this is a settled matter, not a litigated case, and there are no allegations that this situation was intentional. *See id.* at § 69.1201(c)(3).

Fourth, even before I&E brought this action in 2024, PECO made efforts to modify internal practices and procedures to prevent situations similar to the Incident from occurring by implementing a new Energy-Based Hazard Recognition policy and Gas Contractor Quality Inspection Process that have provisions directly addressing the pressurization of pipes during installation and maintenance activities. *See id.* at § 69.1201(c)(4). Moreover, the Settlement provides for the Plug feasibility study to test the safety, effectiveness, and viability of using the Plugs on PECO's system, as the Plugs are intended to address inadvertent releases of pressure during pipe installation or maintenance activities. PECO personnel involved in evaluating and proposing this study included high-level PECO Gas Operations members, including, but not limited to, PECO's Director of Gas Operations, PECO's Senior Manager Pipeline Safety Management Systems, and PECO's Manager, Gas Engineering.

Fifth, there is no allegation that suggests that any customers were impacted by the Incident as the Incident occurred during the installation of new gas main. *See id.* at § 69.1201(c)(5).

Sixth, PECO believes that its compliance history weighs in favor of the agreed-upon civil penalty and that the Incident at issue was an isolated event from an otherwise compliant utility. *See id.* at § 69.1201(c)(6). Additionally, PECO's steps to prevent a similar incident from occurring in the future should help maintain and improve the Company's compliance history.

Seventh, PECO fully cooperated with I&E's investigation during the course of this proceeding. *See id.* at § 69.1201(c)(7).

Eighth, the amount of the agreed-upon civil penalty will deter future violations. *See id.* at § 69.1201(c)(8). PECO takes any civil penalty very seriously and strives to implement procedures to avoid them.

Ninth, PECO advises the Commission of a previous incident involving a second-party contractor injury during the installation of a pressurized pipe facility in *I.E. v. Columbia Gas of Pennsylvania, Inc.*, Docket No. M-2016-2378672 (Opinion and Order, Dec. 7, 2017). *See* § 69.1201(c)(9). This case involved a settlement for two separate injury incidents, one of which involved an injury similar to that of the Incident here that resulted from a second-party contractor employee cutting into a pressurized pipe. The second injury in this prior case resulted from a separate pipeline “pigging” incident, where contractors were using a “pig” device to inspect and clean a section of pipe. Columbia Gas, a public utility, settled for a \$50,000 civil penalty and agreed to revise its gas standards and training modules, review all current contractor qualifications, and to re-train all employees and contractors on the revised gas standards and training modules. Here, PECO independently updated its policies and procedures to enhance its safety protocols and avoid future gas pressure incidents. Moreover, this Settlement includes a feasibility study that will attempt to directly enhance safety incidents involving pressurized pipes during installation and maintenance. The civil penalty in the current Settlement is comparable to the *Columbia Gas* civil penalty and reflects PECO’s agreement to fund and conduct the feasibility study. For these reasons, the Commission’s factors and standards for evaluating litigated and settled proceedings, on balance, weigh in favor of the Settlement provisions.

#### **IV. CONCLUSION**

WHEREFORE, for the reasons detailed above, and those set forth in the Settlement itself, the terms and conditions of the Settlement are just and reasonable and in the public interest and,

thus, the Pennsylvania Public Utility Commission should approve the Settlement without modification.

Respectfully submitted,



Dated: September 8, 2025

Anthony Gay, Esquire  
Vice President and General Counsel  
PECO Energy Company  
2301 Market Street,  
Philadelphia, PA 19103

Stephen C. Zumbrun, Esquire  
Blank Rome LLP  
One Logan Square  
130 North 18th Street  
Philadelphia, PA 19103  
*Counsel for PECO Energy Company*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**


Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. C-2024-3049615
	:	
PECO Energy Company	:	

**CERTIFICATE OF SERVICE**

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

**Service by Electronic Mail:**

Stephen C. Zumbrun, Esq.  
Blank Rome LLP  
One Logan Square 130 North 18th Street  
Philadelphia, PA 19103-6998  
[stephen.zumbrun@blankrome.com](mailto:stephen.zumbrun@blankrome.com)  
*Counsel for PECO Energy Company*

  
\_\_\_\_\_  
Colby B. Widdowson  
Prosecutor  
Bureau of Investigation and Enforcement  
PA Attorney ID 326185  
717-787-2139  
[cwiddowson@pa.gov](mailto:cwiddowson@pa.gov)