

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Bureau of Investigation and Enforcement	:	
	:	
v.	:	C-2024-3049615
	:	
PECO Energy Company	:	

**INITIAL DECISION**

Before  
Christopher P. Pell  
Deputy Chief Administrative Law Judge

**INTRODUCTION**

The Bureau of Investigation and Enforcement (I&E or Complainant) initiated this Complaint against PECO Energy Company (PECO, Respondent, or Company) alleging violations of the Public Utility Code, the Pennsylvania Code, and the 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. I&E and PECO have agreed to settle the matter. The terms of the settlement are set forth in a Joint Petition for Approval of Settlement. This Decision approves the Settlement, finding that the terms are in the public interest.

**HISTORY OF THE PROCEEDING**

On June 18, 2024, I&E filed a Formal Complaint against PECO with the Pennsylvania Public Utility Commission (Commission). In the Complaint, I&E alleged

that PECO violated provisions of the Public Utility Code, the Pennsylvania Code, and the 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 relief, I&E requested that the Commission: find PECO to be in violation of the Public Utility Code, Commission regulations, and/or the Code of Federal Regulations for each count set forth in the Complaint; impose a cumulative civil penalty upon PECO Energy in the amount of One Hundred Thousand Dollars (\$100,000); direct PECO to perform corrective actions detailed in the Complaint; and order such other remedies as the Commission may deem appropriate.

On July 8, 2024, PECO filed an Answer and New Matter to the Complaint. In the Answer, PECO denied the allegations in I&E's Complaint.

On July 24, 2024, I&E filed a Reply to PECO's New Matter.

By Initial Call-In Telephonic Hearing Notice dated August 1, 2024, a Call-In Telephonic Prehearing Conference was scheduled for September 26, 2024, at 10:00 a.m. and the matter was assigned to me.

By Prehearing Conference Order dated August 8, 2024, I directed the parties to comply with various procedural requirements and also directed the parties to file and serve prehearing conference memoranda on or before September 19, 2024.

By email received on September 16, 2024, Counsel for I&E advised that the parties had engaged in preliminary settlement discussions, and that both parties believed settlement would be the most likely outcome for this matter. Counsel for I&E requested that the filing of prehearing conference memoranda and the telephonic Prehearing Conference be continued, and indicated that the parties would provide

monthly status reports. Counsel for PECO subsequently informed me that PECO concurred with I&E's request.

On September 18, 2024, I issued an Interim Order Cancelling Prehearing Conference and Directing Parties to Provide Status Updates. In the Interim Order, I directed the parties to provide a status report on their ongoing settlement discussions within thirty days of the Interim Order and to provide ongoing status reports every thirty days thereafter.

I&E and PECO actively engaged in settlement discussions and provided status reports on the status of these discussions.

On September 10, 2025, the parties filed the Joint Application for Approval of Settlement (Joint Petition or Settlement or Settlement Agreement) along with Statements in Support of the Settlement.

On October 15, 2025, the parties filed their Joint Stipulation of Facts in Support of the Settlement with the Commission. Upon filing of the Joint Stipulation of Facts in Support of the Settlement, the record in this matter closed.

The Joint Petition for Approval of Settlement is now ripe for a decision.

### FINDINGS OF FACT

I&E and PECO (Settling Parties) filed the following Stipulated Facts in this matter, which are adopted herein and reprinted verbatim, including the subheadings and paragraph numbers:

**A. Overview of PECO**

1. PECO is a “public utility” as that term is defined at 66 Pa.C.S. § 102,<sup>1</sup> as it is engaged in providing public utility service as a natural gas distribution company (“NGDC”) to the public for compensation. 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.

2. PECO’s headquarters are located at 2301 Market Street, Philadelphia, PA.

3. As of May 01, 2024, PECO serves approximately 1.6 million electric and over 511,000 natural gas customers and is the largest combination utility in Pennsylvania.

4. PECO’s natural gas service area covers all of Delaware County; most of Bucks, Chester, and Montgomery counties; and a small portion of eastern Lancaster County.

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<sup>1</sup> “Public utility” is defined as:

(1) Any person or corporations now or hereafter owning or operating in this Commonwealth equipment or facilities for:

(i) Producing, generating, transmitting, distributing or furnishing natural or artificial gas, electricity, or steam for the production of light, heat, or power to or for the public for compensation.

66 Pa.C.S. § 102.

**B. June 25, 2021 Incident**

5. 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.

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

7. At approximately 11:50 AM, a 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 and the end cap abruptly released and caused injuries to the two H&M crew members.

8. 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.

9. PECO Procedure GO-PE-1024 required that H&M employees verify all pressure-tested air has been released from the new gas main by test gauge before making the first cut or removing end cap.

10. H&M’s Basic Mechanic did not verify if the overnight test pressure had been removed from the main prior to making a cut and H&M’s Foreman did not verify with the Basic Mechanic that the main was still under pressure.

### C. Post Incident

11. 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.

12. 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.”

### DISCUSSION

The Commission has the power, and the duty, to enforce the requirements of the Public Utility Code. 66 Pa.C.S. § 501(a). Pursuant to Act 129 of 2008, the Commission was reorganized, and the Commission created I&E.<sup>2</sup> In the *I&E Implementation Order*, the Commission moved responsibility for all prosecutory functions to I&E. The Commission stated that I&E would serve as the prosecutory bureau in matters brought before the Commission’s Administrative Law Judges (ALJs).

As set forth above, I&E initiated this Complaint against PECO, alleging that PECO violated provisions of the Public Utility Code, the Pennsylvania Code, and the Code of Federal Regulations in connection with an incident and injury that occurred on

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<sup>2</sup> *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Final Procedural Order entered Aug. 11, 2011).

June 25, 2021, at 2936 Susquehanna Avenue, Abington Township, Montgomery County, Pennsylvania. PECO filed an Answer and New Matter to the Complaint, generally denying the allegations in I&E's Complaint. I&E and PECO actively engaged in settlement discussions and provided status reports on the status of these discussions. I&E reached a Settlement regarding the allegations set forth in I&E's Complaint.

Commission policy promotes settlements.<sup>3</sup> Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve precious administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.<sup>4</sup>

For a unanimous settlement, the Joint Petitioners share the burden of proving that the terms and conditions of the Settlement are supported by substantial evidence and are in the public interest.<sup>5</sup> As discussed below, I find that the Joint Petition for Settlement is in the public interest.

#### TERMS OF THE SETTLEMENT

I&E and PECO filed a Joint Petition for Approval of Settlement on September 10, 2025. The Joint Petition includes the terms of the Settlement and also includes I&E's and PECO's Statements in Support of the Joint Petition for Settlement. The principle terms and conditions of the Settlement are contained within Section V of

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<sup>3</sup> 52 Pa.Code § 5.231.

<sup>4</sup> 52 Pa.Code § 69.401.

<sup>5</sup> *Pa. Pub. Util. Comm'n v. City of Bethlehem – Water Department*, Docket No. R-2020-3020256 (Opinion and Order entered Apr. 15, 2021) (*City of Bethlehem*), at 13.

the Petition beginning at Paragraph 28. These terms are repeated below and for ease of reference maintain the same numbering as in the original Settlement. They are:

28. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest. [See 52 Pa. Code § 5.231(a).] 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:

**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.

### CONDITIONS OF THE SETTLEMENT

The Joint Petition also sets forth various conditions of the Settlement in Section VI of the Petition.<sup>6</sup> In this section, the Settling Parties state that the Joint Petition represents the Settlement Agreement in its entirety and constitutes a negotiated resolution of this proceeding. The conditions also include that no changes to obligations set forth within the Settlement may be made unless they are in writing and are expressly accepted by the parties involved. Further, the Settlement Agreement shall be construed and interpreted under Pennsylvania Law, without regard to conflict of laws provisions.

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<sup>6</sup> These conditions are summarized and not repeated verbatim here. The reader is referred to the Joint Petition at 15-17 for all of the conditions of the Settlement.

The Settling Parties agree that the 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.

The Settling Parties further agree that the Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Joint Petition without modification. If the Commission modifies the Settlement Agreement, any party may elect to withdraw from the Settlement Agreement and may proceed with litigation or take such other action as deemed appropriate and, in such event, the 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 the entry of an Order modifying the Settlement.

Additionally, the Parties agree that if I issue an initial or recommended decision approving the Joint Petition without modification, they 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).

The Settling 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. 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.

Additionally, the Settling 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. 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.

Lastly, the Settling Parties note that 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. The terms and conditions of this Settlement Agreement represent reasonably negotiated compromises. 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.

#### PUBLIC INTEREST

Having set forth the terms of the Joint Petition for Settlement, I will now address why approving and adopting the Joint Petition is in the public interest.

I&E notes that pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. 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. I&E maintains that the Settlement, if approved, will provide substantial public benefits including improved safety procedures, education, training, and quality assurance/quality control.<sup>7</sup>

I&E explained that it intended to prove the factual allegations set forth in its Formal Complaint at hearing and which PECO would have disputed. I&E avers that the 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.<sup>8</sup>

For its part, PECO notes that to approve a settlement, the Commission must determine that the proposed terms and conditions are in the public interest.<sup>9</sup> PECO avers

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<sup>7</sup> I&E Statement in Support at 4.

<sup>8</sup> I&E Statement in Support at 4-5.

<sup>9</sup> *See Pa. Pub. Util. Comm'n v. Peoples TWP LLC*, Docket No. R-2013-23355886 (Order entered Dec. 19, 2013); *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Order entered Apr. 1, 1996); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767, 771 (1991).

that 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. PECO Statement in Support at 2.

### CIVIL PENALTY

The Joint Petition for Approval of Settlement requires PECO to pay a civil penalty of \$40,000.<sup>10</sup>

The Commission, at 52 Pa. Code § 69.1201, has adopted a policy statement setting forth the standards it will consider in evaluating litigated and settled proceedings before the Commission. The policy statement is set forth below:

**§ 69.1201. Factors and standards for evaluating litigated and settled proceedings involving violations of the Public Utility Code and Commission regulations—statement of policy.**

- (a) The Commission will consider specific factors and standards in evaluating litigated and settled cases involving violations of 66 Pa. C.S. (relating to Public Utility Code) and this title. These factors and standards will be utilized by the Commission in determining if a fine for violating a Commission order, regulation or statute is appropriate, as well as if a proposed settlement for a violation is reasonable and approval of the settlement agreement is in the public interest.
- (b) Many of the same factors and standards may be considered in the evaluation of both litigated and settled cases. When applied in settled cases, these factors and standards will not be applied in as strict a fashion as in a litigated proceeding. The parties in

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<sup>10</sup> See Joint Petition at 11, paragraph 31.

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. The parties to a settlement should include in the settlement agreement a statement in support of settlement explaining how and why the settlement is in the public interest. The statement may be filed jointly by the parties or separately by each individual party.

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

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

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

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

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

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

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

whereas frequent, recurrent violations by a utility may result in a higher penalty.

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

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

(9) Past Commission decisions in similar situations.

(10) Other relevant factors.

52 Pa. Code § 69.1201.

The Commission uses the factors set forth in the policy statement to evaluate whether a settlement is reasonable and whether approval of the settlement is in the public interest.<sup>11</sup> In evaluating settlements, the Commission will not apply the factors in as strict a fashion as in a litigated proceeding.<sup>12</sup> In settled cases, the Commission will afford flexibility to parties so that the parties may reach an amicable resolution to a complaint or other matter as long as the settlement is in the public interest.<sup>13</sup>

I&E and PECO have addressed the factors set forth in 52 Pa. Code § 69.1201 in their respective statements in support of the Joint Petition for Approval of Settlement. I will address each of the factors in turn.

The first factor addresses whether the conduct at issue was of a serious nature. I&E submits that the conduct alleged in the Complaint does not rise to the level

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<sup>11</sup> 52 Pa. Code § 69.1201(a).

<sup>12</sup> 52 Pa. Code § 69.1201(b).

<sup>13</sup> *Id.*

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 to verify whether the main was still under test pressure prior to cutting into the main. This 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.

For its part, PECO avers that the Commission's factors and standards weigh in favor of the agreed-upon Settlement conditions. The Company stresses that it did not engage in willful fraud or misrepresentation that could warrant a higher civil penalty. *See* § 69.1201(c)(1).

I concur with I&E 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. I also concur with I&E that PECO's actions and inactions constituted conduct that placed the public safety at risk. As noted by I&E, 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. I

conclude that this justifies the proposed Settlement, including the agreed-upon civil penalty.

The second factor addresses the consequences of the conduct at issue. In this case, the incident caused minor injuries to one employee and serious injuries to a second employee. As noted by I&E, 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. I agree with I&E that 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 to conducting pressure tests and installing pipeline.

The third factor addresses whether the conduct was negligent or intentional. Both PECO and I&E contend that this factor does not apply to this proceeding since the matter was not litigated and is instead being resolved by Settlement of the parties. I agree and will not consider this factor.

The fourth factor addresses whether remedial actions were taken by the utility to modify internal practices and procedures in order to prevent similar conduct in the future. 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, as outlined in the Settlement Agreement at Paragraph 31.

I agree with I&E that 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. Clearly, these improvements will provide a significant benefit to public safety.

The fifth factor addresses the number of customers affected and the duration of the violation. In this matter, there is no evidence that customers suffered adverse consequences such as loss of service or property damage.

The sixth factor looks at the compliance history of the regulated entity. For its part, 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. Additionally, PECO avers that steps it has taken to prevent a similar incident from occurring in the future should help maintain and improve the Company's compliance history.

I&E notes that in the ten-year period prior to the incident, there were three significant matters based on PECO's failure to follow the Code, Commission regulations, and/or the Code of Federal Regulations. First, in *Pennsylvania Public Utility Commission v. PECO Energy Company*, Docket No. C-2015-2479970 (Order entered Oct. 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 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 uprating. 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 *Pennsylvania Public Utility Commission v. PECO Energy Company*, Docket No. C-2015-2514773 (Order entered Apr. 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.

Lastly, I&E noted that in *Michael Liddy v. PECO Energy Company*, Docket No. C-2021-3028123 (Order entered Aug. 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.

As a general proposition, neither the Public Utility Code nor the Commission's regulations require public utilities to provide constantly flawless service. The Public Utility Code at 66 Pa.C.S. § 1501 requires public utilities to provide reasonable and adequate, not perfect service. Since the Public Utility Code does not require perfect service, it is a logical conclusion that it cannot require perfect compliance. Accordingly, I conclude that PECO's overall compliance history supports the agreed-upon civil penalty in this matter.

The seventh factor asks whether the regulated entity cooperated with the Commission. According to I&E, PECO 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 PECO in enhancing the safety and reliability of service and to satisfy the commitments that I&E has required in the settlement process. I conclude that PECO's cooperation in this matter supports a reduced penalty.

The eighth factor requires that the amount of the civil penalty be enough to deter future violations. 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. I agree. Imposition of a penalty beyond the agreed-upon \$40,000 penalty is not necessary to deter future violations.

The ninth factor looks at past Commission decisions in similar situations. Both I&E and PECO referenced a past Commission decision in a similar situation at *Pennsylvania Public Utility Commission v. Columbia Gas of Pennsylvania, Inc.*, Docket No. M-2016-2378672 (Order entered Dec. 7, 2017) (*Columbia Gas*). 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.

In the present case, PECO independently, and prior to the filing of this Complaint, 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. Accordingly, I agree with I&E and PECO that the Commission’s factors and standards for evaluating litigated and settled proceedings, on balance, weigh in favor of the Settlement provisions, and that the \$40,000 agreed-upon civil penalty is appropriate in this situation.

The tenth factor looks at other relevant factors. 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. I conclude that this additional factor justifies the agreed upon civil penalty.

Upon review of the positions of the parties, I find that I&E and PECO have arrived at a civil penalty that sufficiently addresses the conduct alleged in the Complaint. Additionally, the Settlement is a complete and final resolution of the allegations raised in I&E's Complaint that ultimately avoids the time and expense of litigation. For the reasons set forth above, I find that the proposed Settlement is in the public interest and consistent with the Public Utility Code and Commission regulations. Accordingly, I find that the Joint Petition for Approval of Settlement, including the \$40,000 civil penalty, is reasonable and in the public interest.

#### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of and the parties to this proceeding. 66 Pa.C.S. §§ 501, 701.
2. The Commission has the power and the duty to enforce the requirements of the Public Utility Code. 66 Pa.C.S. § 501(a).
3. Under the Public Utility Code Sections 3301(a) and (b), the Commission may levy a fine of up to \$1,000 per day for continuing violations of the Public Utility Code. 66 Pa.C.S. § 3301(a), (b).
4. The Commission has adopted a policy statement which enumerates the standards that it uses to evaluate civil penalties. 52 Pa. Code § 69.1201.
5. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n*

*v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S 6 Water and Sewer Assoc.*, 74 Pa. PUC 767 (1991).

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

### ORDER

THEREFORE

IT IS ORDERED:

1. That the Joint Petition for Approval of Settlement filed on September 10, 2025, between the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and PECO Energy Company is approved.

2. That within thirty (30) days of the date of entry of a final Commission Order approving the Settlement, PECO Energy Company shall pay the \$40,000 civil penalty by sending a certified check or money order payable to the Commonwealth of Pennsylvania 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 each non-monetary, remedial measure set forth in Paragraph 31I of the Joint Petition for Approval of Settlement, PECO Energy Company will file with the Commission's Pipeline Safety Division a verification acknowledging compliance with each non-monetary remedial measure, pursuant to 52 Pa. Code § 5.591.

5. That a copy of this Initial Decision be served upon the Commission's Pipeline Safety Division to monitor for compliance with each non-monetary remedial measure contained within the Settlement, paragraph 31I.

6. That a copy of this Initial Decision be served upon the Financial and Assessment Chief, Bureau of Administration.

7. That if PECO Energy Company fails to make the civil payment within thirty (30) days of the entry date of a Final Commission Order as directed in Ordering Paragraph No. 2, it is further ordered that the Bureau of Administrative Services, Assessment Section, shall refer this matter to the Pennsylvania Office of Attorney General for collection of the total amount set forth above and any other appropriate action.

8. That, upon receipt of the civil penalty and the verifications acknowledging that the non-monetary remedial measures set forth in Paragraph 31 of the Joint Petition for Approval of Settlement have been fulfilled, the Secretary shall mark the docket at C-2024-3049615 closed.

Date: December 2, 2025

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/s/  
Christopher P. Pell  
Deputy Chief Administrative Law Judge