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February 5, 2026

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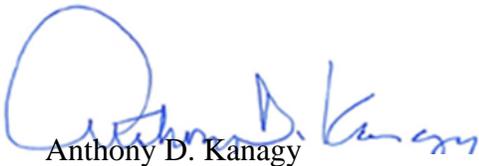
Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Homsher:

Enclosed for electronic filing, please find the Exceptions of Peoples Natural Gas Company LLC to the Recommended Decision in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Sincerely,



Anthony D. Kanagy
Principal

ADK/sa
Attachments

cc: The Honorable Jeffrey A. Watson (*via e-mail; w/attachment*)
Office of Special Assistants (*via e-mail; w/attachment*)
Certificate of Service

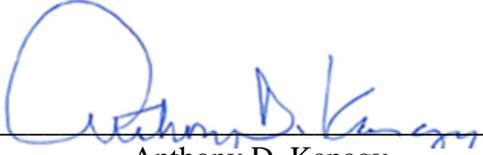
CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA EMAIL

Colby B. Widdowson, Esquire
Public Utility Commission
Bureau of Investigation and Enforcement
400 North Street
Harrisburg PA 17120
cwiddowson@pa.gov

Date: February 5, 2026



Anthony D. Kanagy

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I. INTRODUCTION

This proceeding involves the adjudication of an uncontested Settlement between the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation & Enforcement ("I&E") and Peoples Natural Gas Company LLC ("Peoples" or the "Company") (collectively the "Parties"). The Parties initially filed the uncontested Settlement with the Commission on January 17, 2025. On March 28, 2025, the ALJ issued an Interim Order finding in part that there was not sufficient evidence to approve the Settlement because no evidentiary hearing had been held, no sworn testimony had been taken and no stipulation of facts had been presented. The March 2025 Order provided the parties with an opportunity to file a Stipulation of Facts to further support the Settlement. However, the March 2025 Order was not served on the Parties when issued. After receipt of the re-issued Order known as the "Second Interim Order" served on September 3, 2025, the Parties filed a Joint Stipulation of Facts on September 30, 2025.

On October 27, 2025, the ALJ issued an "Interim Order Reopening the Record and Rejecting the Joint Petition for Approval of Settlement" instead of issuing a Recommended Decision. One of the primary reasons that the ALJ rejected the Settlement was because "the Settlement documents and stipulation of facts fail to acknowledge a single act or failure to act by Peoples that caused or contributed in any way to the allegations and unsafe conditions alleged by I&E." October 27 Interim Order, p. 9. This basis for rejecting the Settlement was flawed because parties are not required to admit fault in reaching a settlement. The Interim Order also directed the Parties to participate in hearings, even though the Parties did not request hearings and had resolved all issues among themselves.

On December 5, 2025, the Parties filed a Joint Petition for Interlocutory Review with the Commission requesting Interlocutory Review of the following three material questions:

1. In a Joint Settlement, is a Party required to admit violations in order for the settlement to be approved?
2. Did the Parties provide sufficient evidence to demonstrate that the settlement is in the public interest?
3. Should the ALJ have rejected the Settlement and ordered an evidentiary hearing without issuing a Recommended Decision?

Both I&E and Peoples filed Briefs in support of the Joint Petition for Interlocutory Review.

On December 18, 2025, the Commission issued an Order addressing the Joint Petition for Interlocutory Review. The Commission held that when evaluating settlements, it “does not weigh evidence or opine on litigation positions, but instead recognizes that a party is not required to admit violations.” December 18 Order, p. 15. Therefore, the Commission answered the first material question in the negative, agreeing with the Joint Petitioners, I&E and Peoples. The Commission also agreed with the Joint Petitioners that the ALJ should not have rejected the Settlement without issuing a Recommended Decision. The Commission found that the Interim Order approach effectively denied the Parties the opportunity to file Exceptions. December 18 Order, p. 16. In the Order, the Commission declined to rule on the Second Material Question, noting that it would be premature to address this issue before the ALJ issued a Recommended Decision. The Order further vacated the ALJ’s October 27 Interim Order and returned this matter to the ALJ for a Recommended Decision and an evaluation of the *Rossi Factors* under 52 Pa. Code § 69.1201. December 18 Order, p. 17.

On January 29, 2026, the ALJ’s Recommended Decision was issued which recommended that the Settlement be denied and also directed evidentiary hearings be held despite the agreement of all parties on all issues and no request for a hearing. The Secretarial Letter accompanying the

Recommended Decision required that Exceptions be filed within 7 days, despite no statutory deadline for resolving this case or any other urgency that would necessitate such an abbreviated response period.

As explained below, the Recommended Decision contains many of the same flaws as the October 27 Interim Order and should not be adopted. The Recommended Decision rejects the Settlement on the basis that the Parties did not provide substantial evidence to find that the Settlement is in the public interest. This is a clear error as the Parties provided detailed evidence of the facts and circumstances of the third-party contractor actions that caused the incident. The Recommended Decision summarily dismissed these facts, which are undisputed and agreed to by both Parties, referring to the proffered facts as “at best hearsay”. October 27 Interim Order, p. 23. It is also clear by statements in the Recommended Decision - such as the “Parties’ positions contradict one another” - that the ALJ is attempting to improperly weigh the evidence and opine on litigation positions, which the Commission has expressly held should not be done when evaluating a settlement. See RD at 19; PUC Order at 15. This is also clear by the continued insistence on evidentiary hearings and sworn testimony where the Parties have resolved all issues and are not requesting hearings.

As explained herein and in the Parties’ Statements in Support of the Settlement and as set forth in the Joint Stipulation of Facts supporting the Settlement, the Parties provided substantial evidence in support of the Settlement, and it should be approved. The Parties should not be required to participate in evidentiary hearings when they have resolved all issues and do not seek to participate in hearings.

II. BACKGROUND

On July 26, 2021, Glenn Johnston, Inc. (“GJI”) engaged in excavation activities in the 1300 block of Pennsylvania Avenue, Tyrone, Pennsylvania. GJI was contracted by the Borough of

Tyrone to rebuild and replace its aging water system infrastructure. During its excavation activities, GJI struck and bored through Peoples main, despite the fact that Peoples had marked the main in accordance with the PA One Call Law. Subsequently, GJI contacted Peoples to report an “outside odor” of gas without providing any further details, including the very important details that GJI had drilled through Peoples’ main and that GJI undertook various “self-help” measures including inserting rags into the receiving pit bore hole that hindered Peoples emergency response efforts.

Thereafter, also on July 26, 2021, an explosion occurred at 1306 Pennsylvania Avenue, which resulted in one fatality, four injuries and damage to several residences.

On July 26, 2024, I&E filed the above-captioned Complaint against Peoples alleging certain violations of the Public Utility Code and/or Federal Regulations. The Complaint also requested the imposition of a civil penalty and that Peoples perform certain corrective actions.

Peoples filed several Motions to Extend Time to File an Answer, which were granted.

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

On January 17, 2025, I&E, on behalf of both I&E and Peoples, filed the Joint Petition for Approval of Settlement with the Commission.

On March 28, 2025, an Interim Order was issued providing the Parties with an opportunity to file additional pleadings and to supplement the record. This Interim Order was not served upon the Parties.

On September 3, 2025, the ALJ issued a Second Interim Order holding the evidentiary record open and stating that the Parties could file additional pleadings including a proposed stipulation of fact in support of the Settlement.

On September 30, 2025, I&E, on behalf of I&E and Peoples, filed a Joint Stipulation of Facts in Support of Settlement.

On October 17, 2025, the ALJ issued a Third Interim Order approving the Joint Stipulation of Facts, admitting it into the record, closing the evidentiary record and indicating that an Initial Decision would be filed.

Subsequently on October 27, 2025, the ALJ issued an Interim Order which rejected the Joint Petition for Approval of Settlement and directed the scheduling of hearings.

On December 5, 2025, I&E and Peoples filed a Joint Petition for Interlocutory Review. I&E filed its Amended Brief in Support of the Joint Petition on December 12, 2025, and Peoples filed its Brief in Support of the Joint Petition on December 15, 2025.

On December 18, 2025, the Commission issued its Order granting Interlocutory Review reaffirming that parties are not required to admit violations in order for a settlement to be approved and also holding that the ALJ should not have rejected the Settlement through an Interim Order but should have issued a Recommended Decision. The Commission further returned the proceeding to the Office of Administrative Law Judge for the Issuance of a Recommended Decision.

The ALJ subsequently rendered a Recommended Decision which was issued on January 29, 2026. As noted herein, the Recommended Decision contains many of the same flaws as the Interim Order in recommending that the Settlement be denied. Despite the Commission's clear directive that Parties are not required to admit fault and that it does not weigh evidence when evaluating a Settlement, the Recommended Decision continues to attempt to find fault and weigh evidence when evaluating the Settlement. The Recommended Decision compounds these errors

by continuing to attempt to require the Parties to participate in hearings that they have not requested and do not want.

Pursuant to the abbreviated schedule set forth in the Secretarial Letter, Peoples hereby files its Exceptions to the Recommended Decision and respectfully requests that the Commission approve the unopposed Joint Petition for Settlement without modification.

III. EXCEPTIONS

A. THE RECOMMENDED DECISION ERRED IN FINDING THAT THE JOINT SETTLEMENT WAS NOT SUPPORTED BY SUBSTANTIAL EVIDENCE.

The ALJ's basis for denying the Settlement is that "The evidentiary record in this proceeding is insufficient to establish substantial evidence to properly consider or support the proposed Settlement or that the proposed Settlement is in the public interest." RD at 32. The ALJ further states that "Had an evidentiary hearing been conducted, a record of the investigation, evidence and sworn facts would have been made and recorded for the benefit of the public." RD at 22.

The ALJ's analysis is flawed and should not be accepted for several reasons. First, the ALJ summarily dismisses the Joint Stipulation of Facts that was provided by the Parties. The relevant, substantive facts that were included in the Joint Stipulation are set forth in italics below:

B. The Distribution System

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

C. The Incident

a. Background

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

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

b. Date of Incident

7. On July 26, 2021, GJI engaged in excavation activities in the 1300 block of Pennsylvania Avenue.

8. On July 26, 2021, GJI utilized a Roddie Pit Shot horizontal directional drill to bore a hole for a new water line.

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

10. On July 26, 2021 at 11:52 a.m., a foreman for GJI contacted Peoples Call Center to report an outside odor of gas. Peoples Call Center is responsible for receiving, identifying, and classifying all in bound calls, including emergencies, between 7:00 am and 5:00 pm.

11. During the call to Peoples Call Center, the GJI foreman reported the address of 1306 Pennsylvania Avenue, but did not indicate that he worked for GJI, that excavation and/or drilling activities were taking place, that anyone could have damaged Peoples’ natural gas facilities or that his crew possibly struck a gas line. The GJI foreman only identified himself as a contractor who smelled gas outside beside an existing service near the shut off that goes to the

house. The GJI foreman also did not indicate that he was, in fact, part of a GJI crew that was drilling a bore hole for a water line to an open lot adjacent to 1306 Pennsylvania Avenue (not a bore hole to the reported address). The Peoples Call Center representative read the caller the precautions pursuant to Peoples' policies and procedures.

12. The Peoples Call Center employee who spoke to the GJI foreman was not required by Peoples' procedures or any other law to ask if the caller/contractor could have damaged or struck a gas pipeline.

13. Peoples Call Center issued an emergency service order at 12:04 p.m. and contacted Peoples Operations Center, alerting the Operations Center to the emergency service order. The Operations Center is responsible for receiving, identifying, classifying, and dispatching employees for emergencies.

14. At 12:05 p.m., Peoples dispatched a field customer serviceman ("FCS") for an outside odor of gas to 1306 Pennsylvania Avenue.

15. Peoples FCS arrived at the scene at approximately 12:28 p.m.

16. Shortly after arrival, Peoples FCS called his supervisor ("Supervisor") to request the assistance of a Peoples' operations and maintenance crew ("O&M"). Subsequently, a Peoples' O&M crew was dispatched to the site.

17. At 12:50 p.m., Peoples FCS placed another phone call to his Supervisor to report a serious incident involving suspected bore or missile damage to the Peoples' gas main line. Neither at this point nor at a later point in the FCS's interaction with GJI did GJI inform Peoples of any suspected bore or missile damage to the Peoples' gas line.

18. *In sworn deposition testimony in other proceedings, Peoples FCS testified that, prior to the explosion, he informed the residents of 1306 Pennsylvania Avenue twice that they needed to evacuate the building.*

19. *Also sometime before the explosion, Peoples FCS entered the residence through the basement to determine if gas was present inside the structure.*

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

21. *Prior to the explosion, because the Peoples FCS was unable to complete his investigation and Peoples O&M crew had not yet arrived on scene, Peoples was unable to shut off gas service to the area or the service lines to the residences in the immediate vicinity.*

22. *At the time of explosion, Peoples FCS was in the basement of 1306 Pennsylvania Avenue and sustained injuries.*

23. *At approximately 1:08 p.m., the explosion was reported to local emergency services.*

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

25. *Peoples FCS was one of the injured and was transported to a nearby hospital for medical attention.*

26. *After the explosion, a four-block area around the incident site was evacuated.*

27. *Peoples' O&M crew arrived shortly after the explosion.*

28. *At approximately 3:18 p.m., Peoples squeezed off the main line low-pressure pipe near the intersection of 13th Street and Pennsylvania Avenue and at the intersection of Cottage Street and Pennsylvania Avenue.*

29. *Due to the intensity of the fire at 1306 and 1308 Pennsylvania Avenue, Peoples' crew could not turn off the curb valves for the service lines at 1306, 1308, or 1310 Pennsylvania Avenue following the explosion. Gas was shut off successfully at approximately 3:18 p.m.*

30. *At some time after the explosion, electric services were turned off in a four-block radius around the incident site.*

31. *Peoples brought in additional personnel to conduct walking and mobile leak surveys following the explosion.*

32. *At approximately 6:30 p.m. on the date of the incident, a representative of Peoples informed the Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement, Pipeline Safety Inspectors ("Pipeline Safety") who were on scene of Peoples' plan to excavate and repair suspected boring damage to 6-inch plastic main line near 1306 Pennsylvania Avenue.*

33. *Shortly after 8:00 p.m., Peoples excavated and exposed the damaged 6-inch main. A 2-inch hole was discovered entering the bottom half of the plastic main at approximately the seven to eight o'clock position and exiting at the four to five o'clock position.*

34. *Shortly after 10:00 p.m., Peoples completed the installation of a prettested pipe section and fittings to repair the damaged 6-inch main.*

c. Days following Incident

35. *By end of day on July 27, 2021, electric service had been restored to the area, except for the three residences damaged in the explosion and fire.*

36. *By end of day on July 29, 2021, gas service was restored to the area, with the exception of one customer, two customers that declined to have their gas turned back on, and the three residences damaged in the explosion and fire.*

The Stipulation of Facts provides extensive detail and substantial evidence regarding the events leading up to the incident that was caused by GJI through no fault of Peoples, the events that happened on the date of the incident, including a detailed timeline that included the hours and minutes when the relevant events occurred, and events that occurred on days following the incident. Importantly, the Joint Stipulation clearly lays out the facts that GJI, a third-party contractor working for the Borough of Tyrone, drilled through one of Peoples' gas mains that was marked in accordance with the PA One Call.¹ The Joint Stipulation also explains that GJI contacted Peoples regarding a gas odor but failed to advise Peoples that GJI had drilled through a gas main. The Joint Stipulation also describes Peoples' employees' activities both at the Call Center and at the scene of the incident. The Joint Stipulation of Facts provides substantial evidence upon which to determine that the Settlement is in the public interest. (See Section C. below)

However, rather than accept these undisputed facts, the Recommended Decision repeatedly dismisses them because they were not provided as part of an evidentiary hearing. See RD at 19. The Recommended Decision goes so far as state that the stipulated facts related to GJI's role "are at best hearsay." RD at 23. This assertion ignores that these facts are the result of Peoples' investigation and are part of Peoples' business records and are also the result of I&E's investigation and that many of these facts were included in I&E's original complaint. See I&E Complaint, pp. 5-6.

¹ Notably, I&E filed a formal complaint against GJI at Docket No. C-2024-3049707 for this incident, and GJI paid the maximum fine of \$50,000 for violating the PA One Call Law.

Even more concerning is the Recommended Decision's repeated dismissal of I&E's independent investigation into this matter. On page 17, the Recommended Decision states that "the Commission must ensure that an appropriate investigation was conducted..." On page 21, the Recommended Decision states that the presiding officer was asked to approve the Settlement "without any explanation regarding the nature and extent of the investigation..." On page 22, the Recommended Decision states that the public is "not even provided a summary of the investigation conducted." On page 23, the Recommended Decision states "It does not appear that the Parties engaged in any meaningful investigation." These statements, along with many others, summarily dismiss I&E's role as prosecutor and suggest that I&E did not perform its statutory obligation in this proceeding. These statements should not be accepted. I&E's pleadings, including the Complaint, the Joint Stipulation of Facts, the Joint Settlement and I&E's Statement in Support of the Settlement demonstrate that I&E conducted a thorough investigation and performed its statutory obligations in this matter. The Recommended Decision fails to accept the undisputed facts that a third-party contractor working for the Borough of Tyrone, not working for Peoples, struck a gas line that had been marked in accordance with the PA One Call law, did not disclose this fact to Peoples and actually attempted to cover it up.

I&E and Peoples provided substantial evidence to support the Settlement, and this substantial evidence was simply disregarded by the Recommended Decision apparently because it was not submitted through an evidentiary hearing. The Recommended Decision is in error and should be reversed.

B. THE RECOMMENDED DECISION ERRED IN CONTINUING TO TRY TO DETERMINE FAULT AND TO WEIGH EVIDENCE DESPITE CLEAR INSTRUCTION FROM THE COMMISSION OTHERWISE.

In the October 27 Interim Order, one of the primary reasons that the ALJ rejected the Settlement was because "the Settlement documents and stipulation of facts fail to acknowledge a

single act or failure to act by Peoples that caused or contributed in any way to the allegations and unsafe conditions alleged by I&E.” Interim Order, p. 9. In its Brief supporting Interlocutory Review, Peoples explained that this was not a valid basis for rejecting the Settlement and if adopted will severely discourage future settlements of these types of proceedings. Peoples further explained that it did not cause the incident - a third-party contractor working for the Borough of Tyrone drilled through a marked main. Therefore, Peoples was not at fault for this incident, and would not admit fault in a settlement.

In its December 18, 2025, Order granting interlocutory review, the Commission expressly agreed that Parties are not required to admit to violations in order for a settlement to be approved. The Commission, citing *Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works*, Docket No. C-2022-3033834, (Opinion and Order entered January 8, 2025) (“*PGW 2025*”), stated:

Settlements are compromises that must serve the public interest to meet with our approval. In our examination of Settlements, we do not weigh the evidence thus far submitted by the parties or opine on the respective litigation positions and risk assessments that ultimately led the parties to the negotiating table prior to the conclusion of litigation. *We recognize that no respondent party must admit to violations – nor must the moving party withdraw its complaint to reach a settlement – as that is what settling avoids.* Simply put, our focus in cases such as this, where tragic events resulted in loss of life and substantial property damage, must be on whether the Settlement, as crafted, not only reduces the time and expense associated with litigation, but also calls for meaningful measures to advance the safe operation of utility infrastructure to the distinct benefit of the public safety.

December 18, 2025 Order at 15-16, citing *PGW 2025* at 44, 45. Emphasis supplied.

Despite this clear direction from the Commission, the Recommended Decision continues to try to determine if Peoples violated the Commission’s regulations and to weigh the evidence. A clear example of this is on page 19 where the Recommended Decision states that “The Parties’ positions contradict each other.” This statement refers, in part, to I&E’s assertions that Peoples’

conduct placed the public safety at risk and Peoples assertions that none of I&E's alleged deficiencies played any factor in the incident. RD at 19. The ALJ's concern with these statements directly relates to an attempt to weigh the evidence and statements that were provided in order to try to determine fault or obtain an admission of violations.

The Recommended Decision continues this attempt to determine if Peoples committed violations on pages 20-21 by citing to allegations that were included in I&E's Statement in Support and Peoples' response that it was not at fault. On page 21, the Recommended Decision takes issue with the proposition that the ALJ and the Commission are to approve a Settlement which presents "numerous unanswered allegations." This statement stands in direct contrast to the Commission's direction given in the December 18, 2025 Order which does not require parties to admit violations and that the focus of the ALJ and the Commission is "*whether the Settlement, as crafted, not only reduces the time and expense associated with litigation, but also calls for meaningful measures to advance the safe operation of utility infrastructure to the distinct benefit of the public safety.*" December 18 Order, pp. 15-16.

There are many other examples of settlements that have been approved by the Commission where the utility did not admit fault or a violation of the Commission's regulations and an evidentiary hearing was not required. *See e.g. Pa. P.U.C., Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation*, Docket No. M-2025-3041757 (Opinion and Order entered June 5, 2025); *Pa. P.U.C., Bureau of Investigation and Enforcement v. Duquesne Light Company*, Docket No. M-2022-3032647 (Opinion and Order entered March 2, 2023).

Furthermore, requiring Peoples to admit fault would substantially prejudice the Company. Peoples is currently involved in civil litigation regarding this matter and requiring the Company to admit fault, when it is not at fault, would substantially prejudice the outcome of that proceeding.

If parties are required to admit fault and/or participate in an evidentiary hearing in order to achieve a settlement with I&E in circumstances like these, very few if any cases will settle due to the substantial prejudice that will occur. The Commission's policy and practice of not requiring settling parties to admit fault or admit to violations and not requiring evidentiary hearings is prudent and should be followed.

The Recommended Decision's focus on attempting to weigh evidence and determine if there were violations of the Commission's regulations is contrary to the Commission's express direction. As a result, the Recommended Decision should be reversed and the Settlement should be approved without modification.

C. THE RECOMMENDED DECISION ERRED IN EVALUATING THE *ROSSI FACTORS*.

In the Statements in Support, both I&E and Peoples addressed the *Rossi Factors* and explained why the Settlement is in the public interest. The Recommended Decision's evaluation of the *Rossi Factors* is severely flawed as it is premised upon the ALJ's attempts to weigh evidence and find violations of the Public Utility Code instead of adequately considering the meaningful measures that were agreed to in order to advance the safe operation of utility infrastructure to the distinct benefit of the public safety.

Under the Settlement, Peoples agreed to pay a civil penalty in the amount of \$325,000 even though the evidence clearly demonstrates that the incident was not caused by Peoples but was caused by an independent third-party contractor working for the Borough of Tyrone. The Recommended Decision instead focuses on I&E's allegations regarding failure to submit certain paperwork and other post incident review items. RD at 25. The Recommended Decision also calls into question I&E's statement that the Company's conduct does not involve willful fraud or misrepresentation, stating the I&E did not provide evidence to support this statement or some of

its other conclusions. The Recommended Decision focuses on attempting to weigh evidence instead of recognizing that Peoples is agreeing to pay a significant civil penalty even when GJI was responsible for drilling through the pipe, failing to alert Peoples to the cause of the gas leak and attempting to cover up the leak.

In addition to the civil penalty, Peoples agreed to make a \$50,000 donation to the Tyrone, PA fire departments to purchase and distribute methane detectors for local businesses and residents. This action will help improve the safety of the public.

The second factor considers the resulting consequences and that serious consequences may warrant a higher penalty. As indicated in its Statement of Support, the Company agrees that the consequences of the incident were serious, but the incident was not caused by any violations of the Public Utility Code, PUC regulations or PHMSA regulations by Peoples. See Peoples Statement in Support, p. 9. The Recommended Decision discounts the remedial measures provided for in the Settlement stating that they are “minimal and amount to compliance with the law.” Recommended Decision p. 27. Paying a \$325,000 civil penalty and donating \$50,000 to the Tyrone PA fire departments are not minimal, especially when the incident was not caused by Peoples. In addition, Peoples agreed to substantially all of the remedial measures requested by I&E in its original complaint, including retaining a third party consultant for development of training and many of these remedial measures are above and beyond the regulatory requirements. The Recommended Decision’s assertions that the remedial measures provided for in the Settlement are minimal and simply amount to compliance with the law are clear error.

The fourth factor involves whether Peoples has made efforts to change its practices and procedures to prevent similar conduct in the future. Both Peoples and I&E addressed this issue in their respective Statements in Support. Peoples explained that it makes safety its highest priority

and is continually looking for ways to enhance its practices and procedures to ensure the highest standards are met. Peoples further explained that its procedures complied with legal and regulatory requirements, were previously reviewed and approved by I&E, and at all times were followed by Peoples' personnel during the events on July 26, 2021. That said, Peoples and I&E agreed that supplemental practices, training, and simulations will benefit Peoples and the public. Therefore, Peoples has implemented or has agreed to implement each supplemental internal practice and procedure set forth in the Settlement after negotiation with I&E. Instead of focusing on how the practices and procedures address I&E's allegations, the Recommended Decision states that it is not possible to conclude that the remedial measures will be in the public interest because the Parties failed to provide information regarding what their investigation revealed and how Peoples' "acts or omissions caused or contributed to the damages sustained in this proceeding." RD at 28. This statement again demonstrates the Recommended Decision's focus on attempting to determine fault and weigh the evidence presented by the Parties instead of evaluating whether the Settlement contains meaningful measures to advance the safe operation of utility infrastructure to the distinct benefit of the public safety. The Settlement provisions clearly achieve this goal.

The sixth factor relates to Peoples' compliance history. Peoples explained that it makes good faith efforts to comply with the Public Utility Code, PUC regulations and PHMSA regulations, and submits that it has an excellent safety record with the Commission. Upon belief, Peoples' record of safety meets or exceeds industry standards. I&E noted that Peoples had two instances of compliance issues in the previous 10-years. These two instances do not demonstrate a pattern of non-compliance.

The seventh factor relates to whether the Company cooperated with the Commission's investigation. Both Peoples and I&E stated that Peoples cooperated with I&E in its investigation.

Rather than take Peoples and I&E at their word, the Recommended Decision states that no details were provided regarding the nature and extent of the investigation by I&E. RD at 30. The Recommended Decision also focuses on the fact that Peoples did not file an answer to I&E's complaint, even though Peoples sought extensions and ultimately submitted the Joint Settlement. Had the Company filed an answer, it would have denied the I&E allegations, as the incident was caused by a third party. Instead of filing an answer, the Company cooperated with I&E in its investigation and reached a settlement of all issues.

The eighth factor is whether the Settlement amount is necessary to deter future violations. Peoples explained that the amounts paid are more than sufficient to deter future violations, especially in this case where the incident was caused by the actions of the third-party. I&E determined that the Settlement provisions were sufficient to deter future violations. However, rather than focus on this, the Recommended Decision discounts this factor because "Peoples has not accepted any responsibility for its response on July 26, 2021." RD at 31. This statement flies in the face of the Commission's express directive that Parties to a settlement are not required to admit fault. The Recommended Decision's focus on finding fault and weighing evidence is directly contrary to the Commission's precedent, including in the December 18, 2025 Order and clouds the entire decision.

The ninth factor is whether the Settlement is consistent with Commission precedent. Again, the Recommended Decision criticizes I&E's assessment that it does, despite I&E's extensive experience with these types of matters. RD at 31-32.

The tenth factor is "other relevant factors." In this factor, I&E stressed that it was important that this case was settled and not litigated. RD at 32. Again, the Recommended Decision discounts I&E's analysis, even though it is consistent with the Commission's direction in the

December 18, 2025 Order and the *PGW 2025 Order* which held that settling cases such as these and avoiding the time and expense of litigation is important. Instead, the Recommended Decision again focuses on weighing the evidence that was presented by the Parties.

The Recommended Decision's focus on finding fault and weighing evidence improperly trivializes I&E's investigation and clouds the Recommended Decision's analysis of the *Rossi Factors*. The Parties provided substantial evidence supporting the Settlement and explained why the Settlement is in the public interest.

D. THE RECOMMENDED DECISION ERRED IN DIRECTING EVIDENTIARY HEARINGS WHERE THERE ARE NO ISSUES IN DISPUTE BETWEEN THE PARTIES AND WHERE THE PARTIES DO NOT SEEK TO PARTICIPATE IN HEARINGS.

As was the case in the Interim Order, the Recommended Decision seeks to require the Parties to participate in evidentiary hearings when the Parties in the proceeding have not requested and do not want to participate in evidentiary hearings. RD at 32. One of the primary benefits of a settlement is that it avoids the time and expense of additional litigation. See December 18, 2025 Order, p. 15. The Recommended Decision's requirement of evidentiary hearings will add substantial time and costs to this proceeding.

The continued request for evidentiary hearings demonstrates the ALJ's focus on weighing evidence and opining on litigation positions, which again stands in direct contrast to the Commission's directive in the December 18, 2025 Order where the Commission held that it does not "weigh evidence or opine on litigation positions, but instead recognizes that a party is not required to admit violations." December 18, 2025 Order, p. 15. The focus is on whether the Settlement provides meaningful measures to advance the safe operation of utility infrastructure to the distinct benefit of public safety. December 18, 2025 Order, p. 16. The Joint Settlement accomplishes this goal.

It is also unclear how an evidentiary hearing will work when none of the actual parties are seeking a hearing. It is I&E's role to prosecute a proceeding, and the ALJ's role to adjudicate a proceeding. Under Pennsylvania law, the prosecutory and adjudicatory roles cannot be commingled. *Lyness v. Commonwealth*, 529 Pa. 535 (1992). The Recommended Decision's imposition of unwanted evidentiary hearings infringes on I&E's role as prosecutor.

IV. CONCLUSION

For the reasons explained herein, the Recommended Decision should be reversed. Peoples respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Settlement that was filed by the parties without modification.

Respectfully submitted,



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