

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

Public Meeting held March 26, 2026

Commissioners Present:

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

Pennsylvania Public Utility Commission,
Bureau of Investigation and Enforcement

C-2024-3050319

v.

Peoples Natural Gas Company LLC

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of the Commission's Bureau of Investigation and Enforcement (I&E) filed on February 5, 2026 (I&E Exceptions), to the Recommended Decision (R.D.) of Administrative Law Judge (ALJ) Jeffrey A. Watson issued on January 29, 2026. Also, before the Commission are the Exceptions of Peoples Natural Gas Company LLC (Peoples or the Company) filed on February 5, 2026 (Peoples Exceptions), to the ALJ's Recommended Decision. In the Recommended Decision, ALJ Watson recommended the denial of the Joint Petition for Approval of Settlement (Joint Petition or Settlement), filed on January 17, 2025, by I&E and Peoples¹ with respect to the Formal Complaint (Complaint) filed by I&E against Peoples on July 25, 2024. In their Exceptions, both I&E and the Company request that the Commission reverse the Recommended Decision and approve the Settlement, without modification.²

The proposed Settlement resolves allegations raised in I&E's Complaint regarding Peoples' actions relative to a natural gas explosion occurring on July 26, 2021, in the Borough of Tyrone, Pennsylvania (Borough). In the Complaint, I&E alleged that Peoples violated certain provisions of the Public Utility Code (Code), the Commission's Regulations, and federal pipeline safety regulations in connection with the gas explosion. Both Parties submit that the proposed Settlement addresses the seriousness of the explosion which tragically led to one fatality, four injuries, the complete destruction of one residence, severe damage to a second residence, and fire damage to a third residence. Joint Stipulation of Facts in Support of Settlement (Joint Stipulation) at 3-5.

¹ When discussing I&E and Peoples collectively, we shall refer to them as the Petitioners.

² On February 6, 2026, I&E filed a letter stating that it would not be filing Reply Exceptions.

As discussed more fully below, we shall: (1) grant the Exceptions of I&E; (2) grant the Exceptions of Peoples, in part, and decline to address them, in part; and (3) vacate the ALJ's Recommended Decision. In doing so, we shall approve the Joint Petition without modification, finding it to be in the public interest and consistent with 52 Pa. Code § 69.1201, which sets forth our statement of policy pertaining to factors and standards for evaluating litigated and settled proceedings involving violations of the Code and Commission Regulations (*Policy Statement*).

I. History of the Proceeding

Following an investigation, I&E filed proprietary and non-proprietary versions of the Complaint on July 25, 2024, alleging that Peoples violated certain provisions of the Code, the Commission's Regulations, and the Code of Federal Regulations (CFR) in connection with the gas explosion. In response, Peoples filed a series of letters with the Commission on August 7, 2024, September 11, 2024, and October 11, 2024, requesting extensions of time to file an answer to the Complaint. Following each extension request, pursuant to Secretarial Letters dated August 7, 2024, September 12, 2024, and October 15, 2024, the Commission granted extensions of time to file an answer to the Complaint.

On October 18, 2024, Peoples filed another letter with the Commission's Secretary requesting an extension of time to file a Joint Petition for Settlement and advising that the Parties had reached a settlement in principle on all issues in this proceeding. Thereafter, the case was assigned to ALJ Watson.

On January 17, 2025, I&E and Peoples filed the Settlement, which included a "Background" section of facts that the Petitioners had agreed to as the basis upon which the Settlement was reached. Pursuant to the terms of the Settlement, discussed more fully

below, Peoples agreed to pay specified fines and implement various remedial measures intended to benefit public safety. Settlement at 4-8, 15-19.

On March 28, 2025, ALJ Watson issued an Interim Order (*March 2025 Interim Order*) directing the Petitioners to file any appropriate pleadings, a proposed stipulation of fact to be entered into the evidentiary record, a modified settlement with proposed stipulated facts or to otherwise address the issues raised, including the appropriateness and factual basis to consider a civil penalty, and any other relief proposed in the Settlement. The *March 2025 Interim Order* also provided that, in the event that no additional filings were made by the Petitioners within 60 days, a status report should be provided to ALJ Watson on or before June 15, 2025.

Commission records indicate that the *March 2025 Interim Order* was not served on the Petitioners. According to I&E, upon discovery of the *March 2025 Interim Order*, the Petitioners, on July 8, 2025, notified ALJ Watson, via email, that they had not been served with or been made aware of the *March 2025 Interim Order*. On July 9, 2025, ALJ Watson indicated, via email, that a further Interim Order would be forthcoming. I&E Brief at 2.

By Interim Order dated September 3, 2025 (*September 2025 Interim Order*), ALJ Watson requested that the Petitioners file any appropriate pleadings, a proposed stipulation of fact to be entered into the evidentiary record, a modified settlement with proposed stipulated facts, or to otherwise address the issues raised in this proceeding by September 30, 2025. On September 30, 2025, the Petitioners filed their Joint Stipulation.

By Interim Order dated October 17, 2025, ALJ Watson admitted the Joint Stipulation into the evidentiary record and closed the record. However, on October 27, 2025, ALJ Watson issued another Interim Order, which reopened the

evidentiary record, rejected the Settlement, and directed the scheduling of a four-day in-person evidentiary hearing in March of 2026 (*October 27, 2025 Interim Order*).

On December 5, 2025, I&E and Peoples filed a Joint Petition for Interlocutory Review (Interlocutory Review Petition), seeking Commission review of, and answer to, the following proposed 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?

Interlocutory Review Petition at 1-2.

On December 12, 2025, and December 15, 2025, I&E and Peoples filed their respective briefs in support of the Interlocutory Review Petition. By Commission Opinion and Order entered on December 18, 2025 (*December 2025 Order*), we answered the first and third Material Questions in the negative and declined to answer the second Material Question. Also, in the *December 2025 Order*, we returned the matter to the Office of Administrative Law Judge for the issuance of a Recommended Decision on the Settlement.

On January 29, 2026, the Commission issued the Recommended Decision of ALJ Watson. Therein, the ALJ recommended that the Commission deny the approval of the Settlement because he found no substantial evidence to support the conclusion that the Settlement is in the public interest. R.D. at 1.

As noted above, I&E and Peoples filed their respective Exceptions on February 5, 2026.

II. Background³

Peoples provides natural gas service to the Borough and owns and operates a 6-inch plastic gas main installed along Pennsylvania Avenue in the Borough. 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.⁴ Joint Stipulation at 2-3.

The Borough contracted with Glenn Johnston, Inc. (GJI) for the rebuilding and replacement of its aging water system infrastructure. As part of the contract, GJI was to install new water mains and service connectors on Pennsylvania Avenue, between 10th and 16th Streets. On July 26, 2021, GJI engaged in excavation activities in the 1300 block of Pennsylvania Avenue. Joint Stipulation at 2-3.

On July 26, 2021, GJI utilized a Roddie Pit Shot horizontal directional drill to bore a hole for a new water line.⁵ 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. Joint Stipulation at 3.

³ We summarize here, in substantially similar form, the facts as stipulated by the Parties. See Joint Stipulation at 2-7.

⁴ Psig refers to pounds per square inch gauge.

⁵ The Parties describe a horizontal direction drill as a type of boring tool that creates a narrow hole in which small diameter pipes can be installed. It is a basic form of trenchless technology using a pneumatic device to push rods through the subsurface to create an underground path for the new installation. Joint Stipulation at 3.

Also, on July 26, 2021 at 11:52 a.m., a foreman for GJI contacted Peoples' Call Center to report an outside odor of gas. The Call Center is responsible for receiving, identifying, and classifying all in bound calls, including emergencies, between 7 a.m. and 5 p.m. Joint Stipulation at 3.

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. Joint Stipulation at 4.

According to the Parties, the Peoples' Call Center employee who spoke to the GJI foreman was not required by the Company's procedures or any other law to ask if the caller/contractor could have damaged or struck a gas pipeline. Thereafter, at 12:04 p.m. the Call Center issued an emergency service order 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. Joint Stipulation at 4.

At 12:05 p.m., Peoples dispatched a field customer serviceman (FCS) to investigate an outside odor of gas to 1306 Pennsylvania Avenue. Peoples' FCS arrived at the scene at approximately 12:28 p.m. Shortly after arrival, the FCS called his supervisor (Supervisor) to request the assistance of an operations and maintenance (O&M) crew by

the Company. Subsequently, an O&M crew from Peoples was dispatched to the site. Joint Stipulation at 4.

At 12:50 p.m., the 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. GJI did not inform Peoples of any suspected bore or missile damage to the Peoples' gas line at the time the interaction with the FCS or at any later point. Joint Stipulation at 4-5.

Additionally, the Parties averred that, 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. Also, sometime before the explosion, the FCS entered the residence through the basement to determine if gas was present inside the structure. At approximately 1:08 p.m., a natural gas explosion occurred at the residence located at 1306 Pennsylvania Avenue. Joint Stipulation at 5.

Prior to the explosion, because the FCS was unable to complete his investigation and the 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. At the time of explosion, the FCS was in the basement of 1306 Pennsylvania Avenue and sustained injuries. At approximately 1:08 p.m., the explosion was reported to local emergency services. Joint Stipulation at 5.

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). Peoples' FCS was one of the injured and was transported to a nearby hospital for medical

attention. After the explosion, a four-block area around the incident site was evacuated. Joint Stipulation at 5.

Peoples' O&M crew arrived shortly after the explosion. 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. 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. The gas was shut off successfully at approximately 3:18 p.m. Joint Stipulation at 6.

At some time after the explosion, electric services were turned off in a four-block radius around the incident site. Peoples brought in additional personnel to conduct walking and mobile leak surveys following the explosion. At approximately 6:30 p.m. on the date of the incident, a representative of the Company informed I&E's Pipeline Safety Division (Pipeline Safety), whose inspectors were on scene, of Peoples' plan to excavate and repair suspected boring damage to 6-inch plastic main line near 1306 Pennsylvania Avenue. Joint Stipulation at 6.

Further, the Parties averred that shortly after 8 p.m., the Company 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. Shortly after 10 p.m., Peoples completed the installation of a pretested pipe section and fittings to repair the damaged 6-inch main. Joint Stipulation at 6.

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. By end of day on July 29, 2021, gas service was restored to the area with the exception of one customer.

According to the Parties, two customers declined to have their gas turned back on and gas service remained off for the three residences damaged in the explosion and fire. Joint Stipulation at 6-7.

The crux of I&E's Complaint is that Peoples failed to take necessary actions to minimize the hazards of released gas and failed to use every reasonable effort to protect the public from danger. Additionally, I&E alleged that the Company failed to train its Call Center and Operations Center employees on its Emergency Response Plan, failed to submit the Department of Transportation Form RSPA F 7100.1, failed to conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate, failed to have a root cause analysis developed, and failed to conduct post-accident drug and alcohol testing of its employee or document the decision not to administer the test, all of which created an ongoing, unsafe, and hazardous condition in violation of Section 1501 of the Code, 66 Pa.C.S. § 1501. Specifically, in addition to the count of a Section 1501 violation, I&E averred twenty-one counts of violations of the Commission's Regulations and the CFR. See Complaint at 27-33.

In its Complaint, I&E made several requests for relief, including that the Commission: (1) find the Company in violation of the Code, the Commission's Regulations, and/or the CFR for each of the twenty-two counts set forth in I&E's Complaint; (2) impose a cumulative civil penalty upon Peoples in the amount of \$800,000; (3) direct Peoples to perform each of the corrective actions detailed in the Complaint; and (4) order such other remedies as the Commission may deem appropriate. Complaint at 33-35.

As noted above, Peoples filed for, and was granted, several requests for leave to file an Answer to the Complaint. Ultimately, the Parties filed the Settlement at issue in this proceeding and no Answer was filed.⁶

III. Discussion

A. Legal Standards

As a preliminary matter, we note that any issue we do not specifically delineate shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

Pursuant to the Commission's Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. The Commission has stated that settlement terms are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231. A full settlement of all the issues in a proceeding eliminates the time, effort, and expense that would otherwise have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort and expense of litigating a case. A settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

⁶ In the Settlement, however, Peoples indicates that if it had filed an Answer to the Complaint, it would have denied the alleged violations and raised defenses and mitigating factors in support of the defenses. *See* Settlement at 11-13.

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. PUC, et al. v. City of Lancaster - Bureau of Water*, Docket Nos. R-2010-2179103, *et al.* (Opinion and Order entered July 14, 2011). Rather, the benchmark for determining the acceptability of the proposed Settlement is whether the proposed terms and conditions are in the public interest. *Id.* (citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996); *Pa. PUC v. C.S. Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991) (*C.S. Water and Sewer*); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Opinion and Order entered January 7, 2004)).

Consistent with the Commission’s policy to promote settlements and as noted, *supra*, we have promulgated a *Policy Statement* that sets forth ten (10) factors that we may consider in evaluating whether a civil penalty for violating a Commission Order, Regulation, or statute is appropriate, as well as if a proposed settlement for an alleged violation is reasonable and approval of a proposed settlement is in the public interest.⁷

The factors to be considered pursuant to 52 Pa. Code § 69.1201(c), 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

⁷ See also *Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Opinion and Order entered March 16, 2000) (*Rosi*).

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).⁸

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 *Policy Statement* sets forth the guidelines we use when determining whether, and to what extent, a civil penalty is warranted.

B. Proposed Settlement

The Parties assert the proposed Settlement is in the public interest and should, therefore, be approved by the Commission. *See* Joint Petition at 22. In support, the Parties set forth the full Settlement Terms and Conditions at Pages 14 through 22 of the Joint Petition and prepared respective Statements in Support of the Settlement, attached as Appendix B and C to the Joint Petition. The essential Terms and Conditions of the Settlement are set forth in ¶ 36 of the Joint Petition, reproduced below:

A. Civil Penalty:

Peoples will pay a civil penalty in the amount of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00) pursuant to 66 Pa.C.S. § 3301(c). Said payment will be made within thirty (30) days of the entry date of the Commission’s Final Order approving the Settlement Agreement and will be made by certified check or money order payable to the “Commonwealth of Pennsylvania.” The docket number of this proceeding, C-2024-3050319, will be indicated with the

⁸ Because the Commission’s Regulations governing the factors and standards applicable to a determination of whether to impose a civil penalty were developed in *Rosi, supra*, these ten factors are commonly known as the “*Rosi* factors”.

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

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

The civil penalty will not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f). Peoples will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding.

B. Donation for the Purchase of Methane Detectors:

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

C. Recovery of Costs to Implement:

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

D. Call Center Procedures and Responses:

Peoples will add language to its Call Center training materials and procedures that requires Call Center employees to ask the caller if they potentially damaged a Peoples facility when the caller indicates that they are a contractor. If the contractor's answer is yes or unknown, the Peoples' Call

Center employee shall instruct the caller to contact 911. Further, Peoples will add language to its Operations Center training materials and procedures that after dispatching the emergency Order for a potential pipeline damage, Peoples' Operations Center employees are required to call 911 to confirm that they were notified of potential pipeline damage and advise 911 that the Company is responding to a broken line.

E. Responding to Outdoor Leak Emergencies:

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

F. Complete Documentation:

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

G. Drug and Alcohol Testing:

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

H. Review of Leak Investigation Procedures:

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

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

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

J. Update Procedures Related to Evacuating and Contacting 911:

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

K. Training on Updated Emergency Response Procedures:

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

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

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

M. Collaboration with Electric Distribution Companies:

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

N. Emergency Simulations:

Peoples will conduct emergency simulations for its Operation Center employees and for its Customer Contact Center employees on an ongoing basis, consistent with its procedures. The first emergency simulation, involving Operations Center employees and Customer Contact Center employees, will occur within six (6) months of a Final Commission Order in this proceeding.

O. Evaluation of Emergency Simulations and Trainings:

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

Peoples will invite [I&E’s Pipeline Safety Division (Pipeline Safety)] to observe trainings and simulations. After observing a training or simulation, Pipeline Safety personnel will be afforded the opportunity to provide comment, suggestions, or feedback for improvement to trainings and

simulations to Peoples. With the intention of improving its emergency response training, Peoples will give due consideration to any comments, suggestions, or feedback received from Pipeline Safety.

P. Monitored Excavation Inspections:

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

- Communicate with the contractor the One Call requirements to verify the position of the gas facilities during trenchless excavations;
- Submit an AVR to the Damage Prevention Council of notice of failure by the contractor to verify the position of the gas facilities during trenchless excavation;
- Document the conversation with the contractor and the submission of an AVR; and
- Generate a follow-up work order to revisit the project to verify the contractor adheres to the PA One-Call Law requirements for additional trenchless activity.

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

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

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

Joint Petition at 15-19.

In its Statement in Support, I&E asserted that the Settlement, if approved, will provide substantial public benefits, including improved safety and emergency response procedures, improved emergency response training, increased inspections of trenchless excavations, and the purchase and distribution of methane detectors to businesses and residences in the Tyrone, PA, area. According to I&E, the Settlement includes valuable safety enhancements that go above and beyond what the Company could be required to implement if the matter were litigated and a decision were rendered based solely on provisions of the relevant state and federal regulations. Further, I&E contended that the Settlement is consistent with the Commission’s *Policy Statement* factors and reflects a carefully balanced compromise of the interests of the Parties. Thus, I&E requested that the Commission approve the Settlement without modification. Joint Petition, Appendix B at 5-6, 9-17.

In its Statement in Support, Peoples argued that its actions were, at all times prior to, during and following the tragic incident, in full compliance with its established practices and procedures, written documents that had been previously reviewed and approved by I&E and compliant with state and federal pipeline safety laws and regulations. However, the Company submitted that, in light of the significant negotiations with I&E, it was appropriate to reach an amicable resolution that will benefit the public interest. Joint Petition, Appendix C at 3.

Peoples asserted that throughout the investigation and settlement discussions, the Company has been cooperative and proactive with I&E by identifying and enhancing practices and procedures related to personnel training and procedures, post-incident review, and equipment inspection recordkeeping supplementing its existing service which the Company asserted is safe and reliable. Additionally, the Company proffered that many of the agreed upon supplemental changes have already been implemented by Peoples, in accordance with detailed technical discussion with I&E in the interest of continuous enhancement of Peoples' safe and reliable service to the public. Further, Peoples acknowledged that it has made a substantial financial concession to I&E in the form of both a substantial civil penalty and a donation to Tyrone, PA local fire departments. Finally, the Company submitted that the terms of the Settlement favorably align with the ten factors that may be considered under the Commission's *Policy Statement*. Joint Petition, Appendix C at 3-4.

C. ALJ's Recommended Decision⁹

ALJ Watson recommended the denial of the Settlement, finding that it did not contain substantial evidence to support the conclusion that it is in the public interest. R.D. at 1.

⁹ We note as an initial matter that, in response to the *December 2025 Order*, the ALJ cited 52 Pa. Code § 5.232(d) to indicate that he was not required to issue an initial or recommended decision when disapproving a settlement. R.D. at 5, n.1. Although Section 5.232(d) of our Regulations permits the presiding officer to disapprove a settlement in the "form of an order" such a procedure is problematic for several reasons. As explained in the *December 2025 Order*, the Parties were denied an opportunity to file Exceptions to the ALJ's initial rejection of the Settlement pursuant to an interim order. Thus, the only recourse for challenging the ALJ's ruling was for the Parties to file the Interlocutory Petition under the time constraints and the briefing limitations pursuant to 52 Pa. Code §§ 5.301, *et seq.* Thereafter, the Commission was required to promptly address the Interlocutory Petition by an Opinion and Order but without the benefit of the full arguments ordinarily submitted by Parties during the Exception stage and without a comprehensive analysis of the *Policy Statement* factors by the presiding officer. Thus, we returned the matter to the ALJ for the issuance of a Recommended Decision on the

In support of his determination, the ALJ reasoned that the Statements in Support of the Settlement contradict each other and are based on stipulated facts without any evidence presented by the Commission or developed pursuant to an evidentiary hearing. The ALJ viewed the Settlement terms as a mere promise by Peoples to comply with the law. Moreover, the ALJ found that there was insufficient evidence to apply the *Policy Statement* or to conclude that the proposed civil penalty is in the public interest. R.D. at 18-19.

Although acknowledging that I&E did not allege Peoples was the direct or proximate cause of the excavation damage or gas leak, the ALJ emphasized I&E's assertion that the acts and inactions by the Company constituted conduct placing the public safety at risk. In contrast, the ALJ noted, the Company asserted that the natural gas incident was not caused by any action of Peoples and contended that I&E's allegations of deficiencies pertained to personnel training, call center and response practices, record keeping, and monitoring of third party excavations. According to Peoples, none of I&E's asserted deficiencies played any factor in the incident. The ALJ

Settlement. This matter is now before us again following the issuance of the Recommended Decision, wherein the ALJ recommended the denial of the Settlement.

Moreover, we note that even when rejecting settlements, presiding officers have set forth complete Recommended Decisions in consequential proceedings. *See, e.g., Application of Laser Northeast Gathering Company, LLC*, Docket No. A-2010-2153371 (Opinion and Order entered June 14, 2011) (modifying ALJ's recommended decision to disapprove settlement); and *Application of Pennsylvania-American Water Company*, Docket No. A-2002-3037047 (Opinion and Order entered November 16, 2023). In returning the matter to the ALJ in this case, it was not with the intent of intruding on the authority of the presiding officer to control the receipt of evidence or the manner of conducting hearings. Accordingly, in addressing the ALJ's reference to Section 5.232(d) here, we feel it is necessary to clarify that when evaluating full, unopposed Settlements in consequential proceedings such as this, we request that presiding officers draft either initial or recommended decisions, to be issued by the Commission, when disapproving a Settlement. This will help to prevent the potential waste of administrative and party resources and should help to avoid unnecessary delays in the consideration of such Settlements.

viewed these positions as contradicting each other and of failing to address the nature and extent of the investigation conducted or to justify the Settlement terms as proposed. R.D. at 19.

Further, the ALJ reasoned that I&E raised serious allegations in a verified Complaint, averred under penalty of perjury, which included an allegation of a Section 1501 violation asserting that the Company placed the safety of its customers, employees and the public in danger. According to the ALJ, however, the Company simply stated in an unverified Statement in Support that it did not cause the fatal incident or that any of the I&E allegations in the Complaint played any factor in the incident.¹⁰ Under these circumstances, the ALJ determined that he could not find the Settlement to be in the public interest, stating:

Although one man is dead and several properties were damaged or destroyed, the Parties failed to provide any information or evidence to explain the nature and extent of the investigation conducted by the Parties and further support that the proposed Settlement is in the public interest. It is hard to imagine an issue that would create more concern and fear to the public, yet the presiding officer was asked to approve the Settlement, first without any stipulation of facts or evidence and subsequently without any explanation regarding the nature and extent of the investigation of a gas explosion that resulted in the death of a member of the Tyrone community.

R.D. at 20-21.

In further support, the ALJ referenced serious issues raised by I&E in its Complaint, including the failure of Peoples to conduct post-accident drug and alcohol

¹⁰ The ALJ also contended that Peoples was required to file a verified response to the Complaint, pursuant to 52 Pa. Code § 5.61, but, after extensions to file Answers, has never filed a verified Answer or pleading to answer the allegations. R.D. at 18.

testing of its FCS. The ALJ noted that the FCS was dispatched at 12:05 p.m. and was unable to shut off the gas service to any of the structures or to successfully cause his supervisor or O&M crew to respond to the site for over an hour from the time of dispatch, to the time of the explosion at 1:08 p.m. R.D. at 21.

In the ALJ's view, the Parties did not disclose the nature and extent of their investigation to permit the Commission to ascertain the causes of the damages so that they can be addressed and never repeated. The ALJ added 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. Here, the public is not even provided a summary of the investigation conducted or the facts and results that were revealed by the investigation, in the Settlement documents.

R.D. at 22.

The ALJ further criticized the Settlement as lacking substantial evidence which is required to be credible and reliable. In this regard, the ALJ determined that it does not appear that the Parties engaged in any meaningful investigation. As an example, the ALJ found that the stipulated facts relating to GJI's role in the 2021 incident were at best hearsay. Additionally, the ALJ found the Joint Stipulation to be incomplete, as described below:

Further, there are significant gaps in the timeline set forth in the [Joint Stipulation], including what occurred from 12:28 p.m. when [the] FCS arrived at the scene to when the explosion occurred at 1:08 p.m., including what time the O&M crew arrived, after [the] FCS called his supervisor to request assistance. The Parties do not indicate what information was communicated by or to the FCS, the purpose of the call, any details regarding the request for assistance, the response provided to the FCS, or the extent or results of any

investigation or interview with the FCS and the Supervisor, if any. The Parties do not indicate the time the O&M crew was contacted by the Supervisor or other Company representative, the time the O&M crew was dispatched, the reason for any delay, what information was communicated by or to the Supervisor or O&M crew, any details regarding the dispatch of the O&M crew, or the extent or results of any investigation or interview with the FCS, Supervisor, and O&M crew members, if any. The Parties do not indicate where the Supervisor or O&M crew were at the time of the explosion, why they had not yet arrived at the site, the reason for any delay, why the time the dispatch and arrival of the O&M crew is not known or disclosed, any details regarding the dispatch of the O&M crew, the time and location when and where the Supervisor and O&M crew members reported to work that date, initiated and ended their breaks and lunch breaks and the extent or results of any investigation or interview with the FCS, Supervisor, and O&M crew members.

R.D. at 23.

Next, the ALJ addressed the *Policy Statement* factors to determine if the proposed civil penalty and remedial measures in the Settlement are reasonable and in the public interest. The ALJ concluded, however, there is not sufficient evidence to properly and adequately assess the facts and circumstances in this proceeding to conclude that the proposed civil penalty is in the public interest. R.D. at 24.

Regarding the first factor pertaining to whether the conduct at issue was of a serious nature, the ALJ noted I&E's assertion that the conduct alleged in the Complaint did not involve fraud or misrepresentation but was of a more serious nature than a mere administrative error. The ALJ stated that I&E provided no evidence or explanation to support this conclusion. R.D. at 25.

Further addressing the first factor, the ALJ summarized I&E's allegations that Peoples failed to: (1) submit the Department of Transportation Form RSPA

F 7100.1, (2) conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate, and (3) have a root cause analysis developed. The ALJ concluded that the Parties provided no details to support or negate any of these averments or to explain the significance of such allegations. R.D. at 25.

The ALJ also summarized I&E's averments regarding the Company's alleged failure to conduct post-accident drug and alcohol testing of its employees or to document the decision not to administer testing. Here, the ALJ highlighted the timeline of events beginning with the dispatch of the FCS at 12:05 p.m. until the explosion occurring at approximately 1:08 p.m. The ALJ stated that, for some unknown reason, Peoples' O&M crew had not yet arrived on scene prior to the explosion, and Peoples was unable to shut off gas service to the area or the service lines to the residences in the immediate vicinity. According to the ALJ, no facts were provided to explain why Peoples failed to conduct post-accident drug and alcohol testing of its employee or document the decision not to administer the test. R.D. at 25-26.

Regarding the first factor, the ALJ also noted I&E's averment in its Complaint and Statement in Support that the failures of the Company created an unsafe and hazardous condition. The ALJ emphasized I&E's conclusions that any conduct involving an emergency response to a gas leak should be taken seriously due to the inherent dangers involved. Further, the ALJ summarized I&E's assertion that the actions and inactions by Peoples constituted conduct that placed the public safety at risk and that a civil penalty was warranted in this proceeding. In the ALJ's view, however, I&E failed to provide any explanation or details to support these conclusions. R.D. at 26.

Regarding the second factor, pertaining to whether the consequences of the Company's alleged conduct were of a serious nature, the ALJ addressed I&E's summary of the consequences including one fatality, four injuries, complete destruction of one residence, severe damage to a second residence, and fire damage to a third residence.

The ALJ also referenced I&E's assertion about the Company's alleged failure to train its personnel on emergency response procedures, to follow its procedures in response to an emergency, and to conduct post-incident review and testing, all of which resulted in its customers, employees, and the public being placed in danger. R.D. at 26.

As to these allegations, the ALJ noted I&E's conclusions that the agreed-upon civil penalty and remedial measures of the Settlement acknowledge the occurrence of serious consequences. I&E contended that the Settlement terms are designed to further enhance the safety of Peoples' service and facilities, especially as it pertains to the improved training of its employees to respond to emergencies, improved procedures related to emergency and excavation damage responses, and proactive collaboration with electric companies and inspections of trenchless excavations. R.D. at 26-27.

However, the ALJ determined that these remedial measures are minimal and amount to compliance with the law. "Therefore, these conclusions are not supported by any facts or details to establish the alleged acts or omissions by Peoples and how such acts or omissions caused or contributed to the damages sustained in this proceeding." R.D. at 27.

As to the third factor regarding whether the alleged conduct was intentional or negligent, the ALJ explained that this factor is only considered in evaluating litigated cases. Accordingly, the ALJ did not consider this factor because of the proposed Settlement. R.D. at 27.

Addressing the fourth factor, pertaining to whether Peoples made efforts to change its practices to prevent similar conduct in the future, the ALJ summarized I&E's statements that the remedial measures in Paragraph 36 of the Joint Petition will address the alleged conduct and are designed to prevent a similar incident from occurring again. According to I&E, these actions will place Peoples in a better position to oversee the

construction and maintenance of its facilities, improve its quality control, and reduce risk in its existing and future facilities. I&E concludes these improvements will provide a significant benefit to public safety. However, the ALJ viewed these remedial measures as simply correcting some unspecified conduct and preventing similar unspecified future conduct. R.D. at 27.

Moreover, the ALJ stated:

Again, the Parties failed to provide any details or specifics regarding what its investigation revealed or any specific information to establish the alleged acts or omissions by Peoples and how such acts or omissions caused or contributed to the damages sustained in this proceeding. Therefore, it is impossible to conclude that the remedial measures set forth in the Settlement require more than measures that Peoples should have in place regardless. This contributes nothing to the analysis of whether the civil penalty is in the public interest.

R.D. at 28.

As to the fifth factor, pertaining to the number of customers affected and the duration of the violations, the ALJ summarized I&E's statement about the factor. Specifically, the ALJ noted I&E's assertions that: (1) the incident resulted in the evacuation of a four-block radius around the incident site and that gas and electric services were restored relatively quickly; and (2) relatively few customers were affected and were only affected for a short period of time. R.D. at 28.

Regarding the sixth factor, which requires the consideration of Peoples' compliance history, the ALJ addressed I&E's references to two instances of compliance issues within the prior 10-year period. In the first case, Peoples paid a \$195,000 civil penalty in connection with the failure of a temporary regulator station that resulted in a

natural gas leak and service outages. R.D. at 28-29 (citing *Pa. PUC v. Peoples Natural Gas Co. LLC*, Docket No. M-2022-3028365 (Opinion and Order entered August 4, 2022) (*Peoples Order 2022*)).

The second cited case involved Peoples payment of a \$250,000 civil penalty in connection with an over-pressurization event that occurred in Peoples' distribution system serving Robinson, Pennsylvania. R.D. at 29 (citing *Pa. PUC v. Peoples Natural Gas Co. LLC*, Docket No. M-2023-3024990 (Opinion and Order entered May 9, 2024) (*Peoples Order 2024*)). The ALJ indicated that in both cases cited by I&E, Peoples had insufficient procedures in place to prevent property damage. R.D. at 29.

Under the seventh factor, the ALJ considered whether the Company cooperated with the Commission's investigation. Here, the ALJ noted I&E's contentions that Peoples has been cooperative in identifying policies and procedures, facilities, and training that can be further improved to assist the Company in enhancing the safety and reliability of service and to satisfy the commitments required in the settlement process. However, the ALJ determined that the Parties provided no details about the nature and extent of the investigation by I&E. Although the ALJ acknowledged that Peoples cooperated with the negotiation of the Settlement, the ALJ found that the Company failed to file an Answer to the Complaint and never provided an explanation for this failure. R.D. at 30.

Regarding the eighth factor, the ALJ summarized I&E's position that the Settlement amount was appropriate to deter future violations. On consideration, the ALJ noted that Peoples has not accepted any responsibility for its response to the incident. Also, the ALJ explained, the Company contended that the deficiencies alleged in the Complaint pertained to personnel training, call center and response practices, record keeping, and monitoring of third party excavations, none of which played any factor in the incident. R.D. at 31.

In the ALJ's view, however, there are many missing facts regarding the timeline of Peoples' actions. The ALJ referenced the Company's arguments that upon the arrival of Peoples' FCS, GJI failed to inform Peoples that GJI struck the line or that GJI undertook various self-help measures that hindered Peoples emergency response efforts, including inserting rags in the receiving pit bore hole. Peoples claimed GJI then left the scene, leaving Peoples' serviceman to investigate what he thought was only an outside odor. According to the ALJ, the source of this information is not provided. R.D. at 31.

The ALJ reasoned that, despite these allegations by Peoples, there is a lack of evidence in the Joint Stipulation or Settlement to establish what investigation or discovery was conducted by the Parties or the presentation of any facts, reports or evidence to support such conclusions. Thus, the ALJ concluded that it was difficult to consider the deterrent effect of the Settlement on future conduct when details of the violations here have not been sufficiently addressed. R.D. at 31.

Regarding the tenth factor pertaining to consideration of other relevant factors, the ALJ emphasized I&E's position that the Settlement avoids the necessity of proving the elements of each allegation. The ALJ considered I&E's assessment of the value of avoiding litigation as missing the serious nature of the incident and of failing to assure the public that utilities are exercising the utmost care in ensuring public safety. R.D. at 32.

Although acknowledging that the Commission's policy promotes settlements, the ALJ found that achieving a settlement to avoid litigation alone is an insufficient basis to conclude a settlement is in the public interest. The ALJ added:

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. Despite numerous conclusions by the Parties, the Settlement fails to set forth a nexus between the remedial measures and civil penalty and Peoples actions related to the July 26, 2021 explosion.

R.D. at 32.

Accordingly, the ALJ felt constrained to recommend that the Commission reject the Settlement and require evidentiary hearings to be held. R.D. at 32.

D. Exceptions and Dispositions

1. Lack of Meaningful Investigation and Findings of Fault

a. I&E Exception Nos. 1 and 2; Peoples Exception No. 2

In its first Exception, I&E objects to the ALJ's conclusion that the Parties failed to engage in "any meaningful investigation" or "provide any explanation regarding the nature and extent of their investigation of these very serious allegations and any substantive results of an investigation." I&E Exc. at 2 (citing R.D. at 20-21, and 23).

I&E argues that its Pipeline Safety inspectors gave utmost importance and devoted significant time and effort to investigate the matter to the fullest extent possible. Additionally, I&E contends that the ALJ failed to include significant background facts contained in the Joint Petition recognizing the efforts of I&E, including its prompt incident response and investigation, and the subsequent filing of proprietary and non-proprietary versions of the Complaint and detailed allegations against Peoples based on the results of I&E's investigation. I&E Exc. at 2-4 (citing Joint Petition at 5-7; ¶¶ 23-24).

In support of the contention that it conducted a thorough investigation, I&E references its thirty-five page Complaint which provided a detailed accounting of the facts gathered from the investigation of Pipeline Safety. Highlighting the Complaint allegations, I&E submits that its Pipeline Safety inspectors were on scene following the explosion and outlined their observations. Moreover, I&E contends that in its Complaint, it clearly identified all facts and violations that I&E reasonably believed could be proven if the matter proceeded through litigation – all of which originated from the thorough investigation conducted by Pipeline Safety and were verified by an investigator. I&E Exc. at 2-4 (citing Complaint at 8-9; ¶¶ 48, 54).

I&E asserts that the results of its investigation were also evidenced through the filing of a formal Complaint against GJI, the excavator who struck Peoples’ natural gas distribution pipeline. Citing *Pa. PUC, Bureau of Investigation and Enforcement v. Glenn Johnston Inc.*, Docket No. C-2024-3049707, I&E alleged five violations of the Pennsylvania One Call Law against GJI and sought the statutory maximum administrative penalty of \$50,000 (One Call Complaint) related to the incident in this proceeding. I&E notes that GJI ultimately paid the statutory maximum penalty in full to satisfy the One Call Complaint. I&E Exc. at 5.

Additionally, I&E argues that as part of any investigation, details and facts will be gathered that are not material or relevant to violations in a Complaint. Here, I&E addresses the ALJ’s criticisms about the failure of the Parties to provide the time and location of when and where Peoples’ Supervisor and O&M crew members reported to work on the date of the incident and when their breaks were initiated and ended. According to I&E, facts such as these are not material or relevant to the violations alleged and, even if they were relevant, the Parties are not obligated to agree to each and every fact in a Settlement. I&E Exc. at 5-6.

Regarding the ALJ's finding that Peoples failed to file an Answer to the Complaint, I&E asserts that the Company was not required to file an Answer to enter into a Settlement. Noting that Answers to Complaints are permitted under 52 Pa. Code § 5.61, I&E submits that the only recourse for a failure to file an Answer is that a respondent could be found to be in default. Additionally, I&E references the Company's contention that if it had filed an Answer in this proceeding, it would have denied the violations and raised various defenses. I&E states that it is a common practice for Parties to enter into settlements in Commission proceedings without the filing of formal complaints and answers. I&E Exc. at 6.

For relief under its first Exception, I&E requests that the Commission decline to adopt the ALJ's references to the Parties' alleged failure to conduct a meaningful investigation and that the Findings of Fact be amended to include paragraphs 23 and 24 of the Settlement. I&E Exc. at 6.

In its second Exception, I&E argues that the ALJ committed an error by recommending the denial of the Settlement based on the Parties' failure to agree to every fact and issue in the proceeding. I&E also objects to the ALJ's finding regarding the Company's failure to "acknowledge a single act or failure to act by Peoples that caused or contributed in any way to the unsafe conditions and devastating explosion alleged by I&E." I&E Exc. at 7 (citing R.D. at 21-22).

I&E argues that Commission precedent is exceptionally clear that, when evaluating settlements, the Commission does not weigh evidence or opine on litigation positions and recognizes that no party must admit to violations. I&E Exc. at 7-8 (citing *December 2025 Order* at 15; *Pa. PUC, Bureau of Investigation and Enforcement v. Philadelphia Gas Works*, Docket No. C-2022-3033834 (Opinion and Order entered January 8, 2025) (*PGW Order*) at 44-45).

According to I&E, the ALJ ignored the Commission’s established precedent in the *PGW Order* and the Commission’s recent *December 2025 Order* answering the Parties’ Interlocutory Review Petition. Based upon the foregoing, I&E requests that the Commission grant its second Exception and approve the Settlement without giving weight to the Parties’ differing positions. I&E Exc. at 9.

In its second Exception, Peoples argues that the ALJ erred in attempting to determine fault and weigh evidence in recommending the rejection of the Settlement. The Company asserts that the Commission, in the *December 2025 Order*, held that the Parties were not required to admit to violations for a settlement to be approved. In Peoples’ view, the ALJ ignored the clear direction in the *December 2025 Order* and attempted to weigh evidence and determine if there were violations of the Commission’s Regulations. Peoples Exc. at 12-13, 15.

The Company references two statements in the Recommend Decision in which the ALJ purportedly attempted to improperly weigh evidence. The first reference pertains to the ALJ’s determination that the “Parties’ positions contradict each other.” Peoples Exc. at 13 (citing R.D. at 19). The second reference involves the statement that the Settlement presents “numerous unanswered allegations.” Peoples Exc. at 14 (citing R.D. at 21).

According to the Company, these statements in the Recommended Decision stand in direct contrast to the Commission’s determination in the *December 2025 Order*, which does not require the Parties to admit to violations, but rather, to focus on examining a variety of measures including the advancement of public safety. Moreover, Peoples argues that there are many examples of settlements being approved by the Commission without an admission of fault or a violation of the Commission’s Regulations and without the requirement of an evidentiary hearing. Peoples Exc. at 14 (citing *Pa. PUC, Bureau of Investigation and Enforcement v. PPL Electric Utilities*

Corporation, Docket No. M-2025-3041757 (Opinion and Order entered June 5, 2025); *Pa. PUC, Bureau of Investigation and Enforcement v. Duquesne Light Company*, Docket No. M-2022-3032647 (Opinion and Order entered March 2, 2023)).

Further, the Company proffers that being required to admit fault – when it is not at fault – would substantially prejudice Peoples, who is currently involved in a civil litigation regarding the matter. Also, Peoples submits that if Parties are required to admit fault or to participate in an evidentiary hearing to achieve a Settlement with I&E, then few cases, if any, would ever settle due to the substantial prejudice that would result. Peoples Exc. at 14-15.

The Company contends that the Commission’s policy and practice of not requiring settling parties to admit fault or violations and not requiring evidentiary hearings is prudent and should be followed in this proceeding. Accordingly, Peoples asserts that the Recommended Decision should be reversed and that the Settlement should be approved, without modification. Peoples Exc. at 15.

b. Disposition

Upon review, we find no support for the ALJ’s conclusion that I&E failed to conduct a meaningful investigation of this tragic incident. As evidenced by the filing of the proprietary and non-proprietary versions of the Complaint, I&E’s Pipeline Safety investigators were on site the day of the incident and appear to have conducted a prompt and thorough review of the explosion scene that included a post explosion examination of the actions by the Company. *See* Complaint at 8-9; ¶¶ 48, 54. In the 35-page Complaint – which includes an additional 14 exhibits comprising 526 pages – I&E explains that the facts and violations in the Complaint originated through its Pipeline Safety investigation and were verified by an investigator. It is apparent from this filing

that I&E thoroughly identified the facts and alleged violations that it reasonably believed could be proven if the matter proceeded to litigation.

In addition, the Joint Petition provided further background as to the time and effort exhibited in this investigation. *See* Joint Petition at 5-7; ¶¶ 23-24. Specifically, the Settlement reiterated the results of the investigation and set forth the alleged violations that I&E was prepared to pursue, if the matter had proceeded to litigation, as follows:

- a. Peoples' employees who responded to the incident failed to take necessary actions to minimize the hazards of the released gas to life, property, and the environment, by failing to contact 911 emergency services, failing to shut off gas to the distribution pipeline, or failing to evacuate nearby residences;
- b. Peoples failed to use every reasonable effort to warn and protect the public from danger or exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected to by reason of its equipment and facilities;
- c. Peoples failed to train its Call Center employees on its Emergency Response Plan, in that Call Center employees did not participate in Annual Emergency Simulations and their responsibilities during an emergency are not clearly defined;
- d. Peoples failed to train its Operations Center employees on its Emergency Response Plan, in that Operations Center employees only received peer to peer training and did not participate in classroom training, specific to the Operations Center employees, or Annual Emergency Simulations;
- e. Peoples failed to gather all information related to the incident required under 49 CFR Part 191 and its own procedures and failed to submit the Department of

Transportation Form RSPA F 7100.1 within thirty (30) days of the incident;

- f. Peoples failed to review their employee's actions taken during the incident to determine whether Peoples' procedures were followed or effective during the response to the incident;
- g. Peoples failed to conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate;
- h. Peoples failed to have a root cause analysis developed, so that Peoples could incorporate lessons learned into their procedures;
- i. Peoples failed to have a written report prepared that investigated and analyzed the natural gas components involved in the incident, in order to determine the cause of the failure and how best to minimize the possibility of reoccurrence;
- j. Peoples failed to conduct a post-accident drug and alcohol testing of Peoples Customer Serviceman after the incident;
- k. Peoples failed to document, in its records, the decision not to conduct a drug and alcohol test of Peoples Customer Serviceman;
- l. Peoples failed to properly record monthly inspections of its fire extinguishers after having been previously alerted to this issue by Pipeline Safety; and
- m. Peoples failed to furnish and maintain adequate, efficient, safe and reasonable service and facilities and make such repairs, changes, alterations, substitutions, extensions and improvements in or to its service and facilities necessary or proper for the accommodation and safety of its patrons, employees and the public,

thereby placing the safety of its customers, employees and the public in danger.

Joint Petition at 6-7; ¶ 24.

In further support of the comprehensiveness of its investigation, I&E cites to the One Call Complaint filed against GJI related to the incident. I&E. Exc. at 5. Therein, I&E set forth the factual allegations and violations of the PA One Call Law that I&E filed against GJI pertaining to the explosion. Ultimately, GJI paid the maximum statutory administrative penalty sought by I&E in that proceeding.

As to the ALJ's determination that the Company failed to file an Answer to the Complaint, we reference Peoples' letters filed with the Commission on August 7, 2024, September 11, 2024, and October 11, 2024, requesting extensions of time to file an Answer to the Complaint. Following each extension request, pursuant to Secretarial Letters dated August 7, 2024, September 12, 2024, and October 15, 2024, the Commission granted extensions of time to file an Answer to the Complaint. On October 18, 2024, Peoples filed another letter with the Commission's Secretary requesting an extension of time to file the present Settlement. Thereafter, on January 17, 2025, I&E and Peoples filed the Joint Petition. It is apparent from this procedural history that the Company was not ignoring the regulatory requirement to file an Answer pursuant to 52 Pa. Code § 5.61, but was working with I&E to resolve the Complaint proceeding pursuant to the negotiated Settlement herein.

Moreover, although Section 5.61(c) of our Regulations, 52 Pa. Code § 5.61(c), provides that a party failing to file an Answer *may* be deemed in default and the relevant facts *may* be deemed admitted, it is clear from the Joint Petition that Peoples has not admitted to the allegations. Under the circumstances of this proceeding, there was no requirement for Peoples to file an Answer to the Complaint when I&E determined

it would not pursue further formal action due to the Settlement. Indeed, it is a common practice for I&E to enter into settlements involving investigation proceedings without undertaking formal actions. *See* 52 Pa. Code § 3.113(b)(3). Further, there is a sufficient basis here – upon review of the Complaint, the Joint Petition and the Statements in Support of the Settlement, and the Joint Stipulation – for the Commission to evaluate whether the Settlement is in the public interest without the filing of an Answer by the Company.

Accordingly, we shall grant I&E Exception No. 1.

Regarding the Parties' Exceptions pertaining to findings of fault and the weighing of evidence, we agree that the determination by the ALJ appears to conflict with Commission precedent holding that the Company was not required to admit to violations for the Settlement to be approved. In our recent *December 2025 Order* resolving the Interlocutory Petition of the Parties, we evaluated the following material question: "In a Joint Settlement, is a Party required to admit to violations in order for the settlement to be approved?" We answered in the negative, stating that when evaluating settlements, the Commission does not weigh evidence or opine on litigation positions and recognizes that no party must admit to violations. *December 2025 Order* at 15.

The ALJ's statements in the Recommended Decision suggest that the Settlement should be rejected due to an inability to weigh the facts of whether Peoples committed the violations alleged in the Complaint. For example, the ALJ found that "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 unsafe conditions and devastating explosion alleged by I&E." R.D. at 21-22. Instead, the ALJ recommended rejecting the Settlement and ordering an evidentiary hearing in which sworn facts could be recorded and evaluated and that perceived contradictions in the Parties' positions could be resolved. *Id.* at 19, 22.

However, in the *December 2025 Order*, we clarified that such a weighing of evidence conflicts with how the Commission has historically considered whether settlements are in the public interest. Quoting the *PGW Order*, we explained:

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 2025 Order at 15-16 (citing *PGW Order* at 44-45).

We reinforce here our conclusion that there is no requirement for the Commission to determine fault or to weigh evidence in our consideration of whether the Settlement is in the public interest. Additionally, we reiterate that the Commission has applied the *Policy Statement* in many informal and formal Complaint cases involving violation allegations, but the cases were not litigated at all or not fully litigated and were settled without any admission of guilt by the utility. *See PGW Order* at 47.

In conclusion, we shall grant I&E Exception No. 2 and Peoples Exception No. 2, consistent with this Opinion and Order

2. Lack of Substantial Evidence

a. I&E Exception No. 3; Peoples Exception No. 1

In its third Exception, I&E argues that the ALJ committed an error by finding that the Settlement lacks “substantial evidence” to determine if it is in the public interest. I&E contends that the ALJ provided no citation or definition for what the term “substantial evidence” in a settlement is or how that standard is supposed to be met. In I&E’s view, the term appears to set an undefined threshold to be found in the evidentiary record. Reiterating prior arguments in its Exceptions, I&E proffers that there is no requirement for a certain threshold of facts or the development of an evidentiary record in order to review and approve a settlement. I&E Exc. at 9.

According to I&E, applying the standard in the Recommended Decision would be counter to the Commission policy of encouraging settlements, pursuant to 52 Pa. Code § 5.231. I&E asserts that when reviewing settlements, the Commission considers “specific factors and standards” to determine if a “proposed settlement is reasonable and approval of the settlement agreement is in the public interest.” I&E Exc. at 10 (citing 52 Pa. Code § 69.1201). Referencing the *Policy Statement*, I&E states that Section 69.1201(c) provides the ten factors the Commission will consider when analyzing if a settlement is in the public interest. I&E Exc. at 9-10.

In the context of a settlement, I&E contends that the term “substantial evidence” means that the analysis under the *Policy Statement* should be supported by substantial evidence, which is found in the settlement terms and statements in support, and in considering how the terms address the alleged violations. Moreover, I&E asserts that the Commission has determined that the *Policy Statement* factors will not be applied in as strict a fashion in settled cases and that the parties in settled cases will be afforded

flexibility to reach amicable resolutions so long as the settlement is in the public interest. I&E Exc. at 10.

In I&E's view, the ALJ did not engage in any form of analysis of the Settlement terms but simply concluded that the terms amount to nothing more than a promise to comply with the law. I&E argues that the ALJ's conclusion is a gross mischaracterization and is unsupported by even a cursory review of the Settlement terms. According to I&E, all of the Settlement terms either clarify I&E's position on certain disputed interpretations of legal requirements, and Peoples' agreement to I&E's positions, or reflect Peoples agreement to take actions beyond what is required by the minimum safety standards established by the Code, Commission Regulations, and federal regulations. I&E Exc. at 15-16.

I&E purports that the terms of the Settlement and the Parties' Statements in Support provide substantial evidence that the Settlement is in the public interest because it provides for a number of valuable safety enhancements that directly address safety concerns raised in the Complaint. Accordingly, I&E requests that the Commission find that the terms of the Settlement are in the public interest and approve the Settlement. I&E Exc. at 16.

In its first Exception, Peoples, likewise, argues that the ALJ erred in finding that the Settlement was not supported by substantial evidence. Specifically, Peoples objects to the ALJ's finding 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." Peoples Exc. at 6 (citing R.D. at 22).

Peoples argues that the Parties submitted relevant, substantive facts in the Joint Stipulation. Here, the Company contends that the Joint Stipulation included extensive detail and substantial evidence regarding the events leading up to the incident,

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. Peoples asserts that the ALJ summarily dismissed the facts in the Joint Stipulation because they were not provided as part of an evidentiary hearing and stated that the stipulated facts related to GJI's role "are at best hearsay." Peoples Exc. at 11 (citing R.D. at 23). According to the Company, the ALJ's determination ignores the reality that the facts in the Joint Stipulation resulted from Peoples' investigation and business records and from I&E's own investigation which included many of the same facts included in I&E's Complaint. *Id.*

Peoples also argues that the statements in the Recommended Decision, that a full investigation was not conducted, appear to summarily dismiss I&E's role as a prosecutor and suggest that I&E did not perform its statutory obligation in this proceeding. The Company contends that the ALJ's statements pertaining to the purported failure to engage in a meaningful investigation should not be accepted. In Peoples' view, I&E's pleadings, including the Complaint, the Joint Stipulation, the Settlement, and I&E's Statement in Support demonstrate that I&E conducted a thorough investigation and performed its statutory obligations in this matter. Peoples Exc. at 12.

Additionally, Peoples contends that the ALJ failed to accept the undisputed facts that a third-party contractor working for the Borough, and 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 attempted to cover it up. Accordingly, Peoples asserts that the conclusions in the Recommended Decision contain errors that should be reversed. Peoples Exc. at 12.

b. Disposition

In recommending the denial of the Joint Petition and ordering evidentiary hearings, the ALJ concluded that there was not substantial evidence to determine if the Settlement was in the public interest. The Recommended Decision is premised upon concerns of an absence of verified facts for evaluating the Settlement. However, this conclusion is made despite the filing of a variety of comprehensive pleadings, including the proprietary and non-proprietary versions of the Complaint by I&E, the Joint Petition, the Statements in Support of the Settlement, and the Joint Stipulation.

As will be discussed in Section III.D.3, below, in analyzing the *Policy Statement* factors, we find that the Settlement is in the public interest. Before moving to this analysis, we shall first address the threshold issue raised in the Recommended Decision and challenged by the Parties in their Exceptions of what constitutes substantial evidence in the context of a proceeding involving a full Settlement.

It is axiomatic that Commission decisions must be supported by substantial evidence in the record. “Substantial evidence” is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm. Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

Substantial evidence does not require that there be a fully developed evidentiary record to evaluate the merits of proposed settlement terms. Rather, when a settlement is reached prior to full litigation of a case, the stipulated facts often form the most useful basis for this determination. In fact, the Commission has held that the stipulation of facts offered in support of a non-unanimous settlement demonstrated a

reasonable resolution of the matters alleged in a Complaint and constituted substantial evidence. *See Pa. PUC, Bureau of Investigation and Enforcement v. Verde Energy USA, Inc.*, Docket No. C-2020-3017229 (Opinion and Order entered September 15, 2022) at 31; *see also Pa. PUC v. Community Util. of Pa., Inc.*, Docket No. C-2021-3027252 at 14 (Opinion and Order entered January 13, 2022) (accepting the parties’ stipulations of facts as substantial evidence of record in support of the settlement) at 23. To require any further development of the evidentiary record would be to require litigation which would be contrary to the Commission’s policy favoring settlements. *See* 52 Pa. Code § 5.231(a) (“It is the policy of the Commission to encourage settlements.”).

Here, the Parties present a sufficient basis for the Commission to evaluate the Settlement and to determine if there is substantial evidence to approve it as being in the public interest. As discussed below, the Joint Stipulation offered in support of the Settlement bolstered by the terms set forth in the Joint Petition and the Statements in Support of the Settlement all demonstrate a reasonable resolution to the matters alleged in the Complaint. Accordingly, we find the ALJ’s recommended rejection of the Settlement based on a lack of a full evidentiary record to be inconsistent with Commission precedent and unwarranted under the circumstances of this proceeding. Thus, we shall grant I&E Exception No. 3 and Peoples Exception No. 1, consistent with this Opinion and Order.

3. Policy Statement Analysis

a. I&E Exception No. 4; Peoples Exception No. 3

In I&E’s fourth Exception and Peoples’ third Exception, the Parties argue that the ALJ committed an error by failing to reasonably analyze the Settlement under the *Policy Statement* factors. I&E Exc. at 16; Peoples Exc. at 15.

I&E contends that the ALJ repeated overly broad and conclusory statements to find that the Settlement lacked sufficient evidence to support the agreed upon civil penalty. According to I&E, the ALJ did not conduct an in-depth analysis of the *Policy Statement* factors other than rephrasing the Parties' analyses and positions and then making sweeping conclusions. In summary, I&E contends that the ALJ failed to realize the significant gains by the Settlement that will undoubtedly benefit the public. I&E Exc. at 17.

In its Exception No. 4, I&E incorporates its analysis of the *Policy Statement* factors from its Statement in Support. I&E Exc. at 17 (citing Joint Petition, App. B at 11-18). Additionally, I&E emphasizes two parts of its analysis of the *Rosi* factors. First, I&E reiterates that it did not allege that Peoples was the direct or proximate cause of the excavation damage or gas leak, but alleged that the Company was deficient in its response to the damage and leak. In I&E's view, any conduct involving an emergency response to a gas leak should be taken seriously due to the inherent danger involved when pipelines leak, rupture, or otherwise fail. I&E Exc. at 17-18.

Second, I&E addresses its arguments pertaining to the tenth factor of the *Policy Statement* pertaining to other relevant factors. As to this factor, I&E objects to the ALJ's summary which criticized I&E as having missed the serious nature of what occurred, contending that its statement was more detailed and reasoned.

According to I&E, its Statement in Support made clear that I&E sees benefits in settlements because the Parties can come together and find remedial measures that provide substantial benefit to the public, most of which may not be obtainable through a fully litigated case. I&E submits that the remedial measures, that were obtained via the Settlement, should be implemented to achieve the enhancement of public safety. I&E Exc. at 18-19.

Similarly, in its third Exception, Peoples contends that the ALJ's analysis of the Settlement under the *Policy Statement* was severely flawed. According to the Company, the ALJ attempted to weigh evidence and find violations of the Code instead of adequately considering the meaningful measures agreed upon by the Parties to advance the safe operation of utility infrastructure for the benefit of public safety. Peoples submits that the Parties provided substantial evidence in their Statements in Support addressing the *Policy Statement* and explaining why the Settlement is in the public interest. Peoples Exc. at 15.¹¹

In its Exception No. 3, Peoples argues that it agreed to pay a \$325,000 civil penalty even though the evidence clearly demonstrates that the Company did not cause the incident but was caused by an independent third-party contractor working for the Borough. Peoples contends that despite this, the ALJ focused on I&E's allegations regarding the failure to submit paperwork and other post incident review items. Additionally, the Company asserts that the ALJ questioned I&E's statement that Peoples' conduct did not involve willful fraud or misrepresentation, stating I&E did not provide evidence to support this statement and other conclusions. In Peoples' view, the ALJ incorrectly attempted to weigh evidence instead of recognizing that the Company has agreed to pay a significant civil penalty without being responsible for the incident. Peoples Exc. at 16.

Moreover, Peoples emphasizes that it has agreed to make a \$50,000 donation to the fire departments of Tyrone, PA to purchase and distribute methane detectors for local businesses and residents. The Company submits that this action will help improve the safety of the public. Peoples Exc. at 16.

¹¹ Peoples addressed the *Policy Statement* factors in its Statement in Support. See Joint Petition, App. C at 8-11.

Next, Peoples addresses the *Policy Statement*, beginning with the second *Rosi* factor, pertaining to the consideration of the resulting consequences and that serious consequences may warrant a higher penalty. Although the Company agrees that the consequences of the incident were serious, Peoples reiterates its contention that these consequences were not caused by any violations of the Code, the Commission's Regulations or federal regulations by the Company. Peoples also objects to the ALJ's characterization of the remedial measures in the Settlement as being minimal and amounting to compliance with the law. In response, Peoples asserts that the Company has 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. Peoples Exc. at 16.

Peoples also addresses the fourth *Rosi* factor, pertaining to whether the Company has made efforts to change its practices and procedures to prevent similar conduct in the future. According to the Company, Peoples makes safety its highest priority and continually looks for ways to enhance its practices and procedures to ensure the highest standards are met. Moreover, Peoples contends 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. Peoples Exc. at 17.

Nonetheless, Peoples states that the Parties have agreed that supplemental practices, trainings, and simulations will benefit the Company and the public. Accordingly, Peoples asserts that it has implemented or agreed after negotiation with I&E to implement each supplemental internal practice and procedure set forth in the Settlement. The Company submits that the ALJ did not focus on how the practices and procedures address I&E's allegations but concluded that the remedial measures will not be in the public interest. Peoples Exc. at 17.

The Company notes the ALJ's determination that the Parties failed to provide information regarding what their investigation revealed and how the Company's "acts or omissions caused or contributed to the damages sustained in the proceeding." Peoples Exc. at 17 (citing R.D. at 28). In Peoples' view, the ALJ's statement improperly focuses on attempting to determine fault and weighing evidence 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. Peoples Exc. at 17.

Regarding the sixth factor, addressing compliance history, Peoples argues that the Company's record of safety meets or exceeds industry standards. Here, the Company references I&E's citation to two instances of compliance issues in the past ten years and contends that they do not demonstrate a pattern of non-compliance. Peoples Exc. at 17.

Under the seventh factor, pertaining to cooperation with the Commission's investigation, Peoples emphasizes the statements of both I&E and Peoples indicating the Company's compliance with the investigation. Peoples objects to the ALJ's failure to take the Parties at their word. According to Peoples, the ALJ instead focused on the alleged lack of details provided by I&E regarding the nature and extent of the investigation and the failure of the Company to file an Answer to the Complaint, despite the extensions sought by Peoples and the ultimate submission of the Settlement. Rather than file an Answer, Peoples asserts that it cooperated with I&E in its investigation and reached a Settlement on all issues. Peoples Exc. at 17-18.

As to the eighth factor, relating to the civil penalty payment, Peoples asserts that the amounts to be paid are more than sufficient to deter future violations. The Company also notes I&E's agreement that the Settlement provisions were sufficient for future deterrence. Peoples objects to the discounting of this factor by the ALJ due to the ALJ's conclusion that the Company failed to accept any responsibility for its response to

the incident. According to the Company, the ALJ's determination focusing on the finding of fault and weighing of evidence is directly contrary to Commission precedent, including the *December 2025 Order*, and clouds the entire decision. Peoples Exc. at 18.

Regarding the ninth *Rosi* factor, addressing whether the Settlement is consistent with Commission precedent, Peoples finds fault with the ALJ's criticism of I&E's assessment of consistency. The Company submits that I&E has extensive experience with these types of matters. Peoples Exc. at 18.

Also, under the tenth factor, pertaining to other relevant factors, Peoples contends that the ALJ improperly discounted I&E's analysis. The Company states that the ALJ again focused on weighing the evidence that was presented by the Parties. According to the Company, the ALJ's overall disposition trivialized I&E's investigation and clouded the analysis of the *Policy Statement* factors. Peoples Exc. at 19.

b. Disposition

As an initial matter, we recognize that the Parties have proposed a full amicable resolution of the Complaint allegations and, consistent with Commission precedent, should be afforded flexibility as long as the Settlement is in the public interest. 52 Pa. Code § 69.1201(b). Upon review of the record before us and the application of the *Policy Statement* factors which have not been applied in as strict a fashion as litigated proceedings, we find that the Settlement should be approved, without modification, consistent with the following discussion. Accordingly, we shall grant I&E Exception No. 4 and Peoples Exception No. 3.

The first factor we may consider is whether the conduct at issue is of a serious nature. 52 Pa. Code § 69.1201(c)(1).

In its Statement in Support, I&E submitted that the conduct alleged in the Complaint did not involve willful fraud or misrepresentation but was of a more serious nature than a mere administrative error. In the Complaint, I&E alleged that Peoples's failed to: (1) take necessary actions to minimize the hazards of released gas; (2) use every reasonable effort to protect the public from danger; (3) train its Call Center and Operations Center employees on its Emergency Response Plan; (4) submit the Department of Transportation Form RSPA F 7100.1; (5) conduct a post-incident review to ensure that its emergency response procedures were followed and were adequate; (6) have a root cause analysis developed; and (7) conduct post-accident drug and alcohol testing of its employee or document the decision not to administer the test. According to I&E, these failures created an unsafe and hazardous condition. However, I&E noted that it did not allege that Peoples was the direct or proximate cause of the excavation damage or gas leak. Joint Petition, App. B at 10.

I&E asserted that any conduct involving an emergency response to a gas leak should be taken seriously due to the inherent danger involved when pipelines leak, rupture, or otherwise fail, as evidenced by the instant gas explosion. Further, I&E contended that the actions and inactions of Peoples, described above, constituted conduct that placed the public safety at risk, and therefore, I&E submitted that the civil penalty is warranted in this case. Moreover, I&E proffered that 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. Joint Petition, App. B at 10-11.

In Peoples' Statement in Support, the Company argued that the conduct at issue deals with public safety, a most serious subject, but that its conduct did not cause the tragic events on July 26, 2021. Regardless, the Company submitted that the Settlement advances public safety by supplementing Peoples' emergency response procedures, training, simulations, collaboration with EDCs, and periodic trenchless

excavation monitoring which Peoples has agreed to in its continued enhancement efforts to provide the highest quality of service to the public. Joint Petition, App. C at 9.

As discussed above, the ALJ criticized I&E for providing no evidence or explanation to support the conclusions regarding the first factor. We disagree with the ALJ's recommended rejection of the position of I&E, referencing instead the detailed explanation of findings and allegations – following the comprehensive investigation of its Pipeline Safety division – that I&E was prepared to pursue if the matter proceeded to litigation. *See, e.g.*, Joint Petition at 6-7; ¶ 24, discussed, *supra*. I&E's allegations were supported in the averments of the Complaint and the accompanying 14 exhibits.

Moreover, we disagree with the ALJ's focus on a stringent level of facts needed to support I&E's conclusion that the emergency response actions on the date of the incident were of a serious nature. For purposes of this factor, and given the inherent danger involved when pipelines leak or are damaged, we find I&E has advanced a sufficient level of allegations resulting from the comprehensive investigation of its Pipeline Safety division to reasonably conclude that the Company's emergency response actions and conduct were of a serious nature.

In addition, we recognize that as part of any investigation, details and facts will be gathered that in the prosecutorial discretion of I&E may not be material or relevant to the violations in a Complaint. Further, the Parties are not obligated to agree to every fact in a Settlement and I&E, and the Company, should be afforded some flexibility in reaching an amicable resolution of this issue.

Based upon the positions of the Parties and the record in this proceeding, we agree with the Petitioners that the conduct at issue, which deals with the emergency response to a gas leak and public safety, was of a serious nature. We determine that this

factor supports the extensive corrective measures and proposed civil penalty set forth in the Settlement.

The second factor we may consider is whether the resulting consequences of the conduct were of a serious nature. 52 Pa. Code § 69.1201(c)(2).

As summarized by I&E in its Statement in Support, the consequences in this case included one fatality, four injuries, complete destruction of one residence, severe damage to a second residence, and fire damage to a third residence.¹² As I&E has alleged, Peoples' failure to train its personnel on emergency response procedures, failure to follow its procedures in response to an emergency, and its failure to conduct required post-incident review and testing, resulted in the safety of its customers, employees, and the public being placed in danger. According to I&E, the agreed-upon civil penalty and remedial measures of the Settlement acknowledge that serious consequences occurred and are designed to further enhance the safety of Peoples' service and facilities, especially as it pertains to the improved training of its employees to respond to emergencies, improved procedures related to emergency and excavation damage responses, and proactive collaboration with electric companies and inspections of trenchless excavations. Joint Petition, App. B at 11.

Under the analysis of this factor, the ALJ determined that the proposed remedial measures are minimal and amount to compliance with the law. Also, the ALJ determined that the conclusions of I&E are not supported by facts or details to establish that the alleged acts or omission by Peoples caused or contributed to the damages

¹² Additionally, in I&E Exhibit 1, which is a pictorial description of the incident that occurred on July 26, 2021, I&E identifies a "Damaged PNG Vehicle." On review of this exhibit, there appeared to be significant damage to one of the Company's vehicles, resulting from the incident. *See* Complaint, I&E Exh. 1.

sustained. R.D. at 27. In doing so, the ALJ appeared to be focusing on weighing facts and finding fault under this factor.

As discussed above, however, we determined that in evaluating this Settlement, the Commission will not weigh evidence or opine on litigation positions but recognizes that no party must admit to violations. Putting aside the litigation positions of the Parties here and viewing the Settlement in light of the explosion resulting in the tragic loss of life, the injuries incurred, and the extensive property damage, we must conclude that the consequences of the explosion were of a serious nature. Accordingly, this factor supports the extensive corrective measures and proposed civil penalty set forth in the Settlement.

Rosi factor three pertains to whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). Because this factor only applies to litigated matters, we will not consider it in evaluating this Settlement.

The fourth factor we may consider is 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. 52 Pa. Code § 69.1201(c)(4).

In its Statement in Support, I&E explained that in response to the July 26, 2021 incident, Peoples has engaged in appropriate measures to correct the conduct at issue and prevent similar future conduct. I&E acknowledged a comprehensive list of the remedial actions that Peoples has taken and agreed to undertake, as outlined in the Settlement Agreement at Paragraph 36. Joint Petition, App. B at 12.

According to I&E, some of the more significant remedial actions include: (1) Peoples reviewing procedures and trainings to ensure consistency; (2) the Company improving its training and procedures related to emergency responses,

evacuations, contacting 911, and excavation damage; (3) improved information gathering and review post-incident; (4) collaboration with electric distribution companies; (5) evaluation of its emergency trainings and simulations; (6) increased monitoring and inspections of trenchless excavations; and (7) implementation of Incident Command System training. Joint Petition, App. B at 12.

I&E submitted that each of the remedial actions and commitments described in Paragraph 36 of the Settlement address the alleged conduct at issue and are designed to prevent a similar incident from occurring again. Notably, I&E argued, these actions will place Peoples in a better position to oversee the construction and maintenance of its facilities, improve its quality control, and reduce risk in its existing and future facilities. I&E added that some of these remedial actions might not have been obtainable through litigation and demonstrate that Peoples is taking appropriate actions to enhance the safety of its distribution system, improve the reliability of its operations, and prevent similar occurrences in the future. I&E stressed its position that these improvements will provide a significant benefit to public safety. Joint Petition, App. B at 12.

In addressing this factor, the ALJ viewed these remedial measures as simply correcting unspecified conduct and criticized the Parties for failing to provide specific details as to how Peoples' acts or omissions caused the damages. R.D. at 27-28.

Responding to the ALJ's analysis of this factor, the Company contends that it makes safety the highest priority and continually enhances its practices and procedures. Additionally, Peoples argues that the ALJ improperly attempted to determine fault and weigh evidence instead of evaluating whether the Settlement advances the safe operation of the Company's infrastructure. Peoples Exc. at 17.

We agree with the Parties that the Settlement provisions detailing additional processes and safety measures to be employed by Peoples effectively demonstrates a commitment to improve internal practices and procedures. Regarding the ALJ's conclusion that the remedial measures in the Settlement are simply a promise to comply with the law, we acknowledge I&E's argument that there was no analysis of the terms to support such a summary determination. I&E Exc. at 15.

According to I&E, two of the Settlement terms involved clarifying terms over disputed legal interpretations. I&E Exc. at 15 (citing Joint Petition at 16, ¶ 36.G (pertaining to Drug and Alcohol Testing) and at 17, ¶ 36.L (pertaining to Submission on Incident Reports)). I&E argues that all of the other terms require action by Peoples that goes beyond the bare minimum safety standards, which likely could not have been directed by the Commission at the conclusion of a fully litigated proceeding. I&E Exc. at 15.

In examining this factor, we find persuasive the argument that many of the remedial measures agreed to by the Company include important safety enhancements which go beyond what the Commission could have directed if the matter had been litigated and a decision was rendered solely on provisions of the relevant state and federal regulations. Specifically, we highlight the following significant enhancements:

- Call Center Procedures, Responses and Supplemental Training for Personnel – Peoples has agreed to supplemental actions and training for call center and operations personnel, supplemental emergency response training, and supplemental emergency simulation training for responding to outdoor leak emergencies. See Joint Petition at 16-18, ¶¶ 36.D, 36.I, 36.J, 36.K, 36.N, 36.O, and 36.Q.
- Outdoor Leak Emergency Response Procedures, Documentation, Post-Incident Activities, and Reporting – Peoples has agreed to supplement a

variety of actions and related tasks when responding to outdoor leak emergency events. *See* Joint Petition at 16-17, ¶¶ 36.E, 36.F, 36.G, 36.H, and 36.L.

- Collaboration with Electric Distribution Companies (EDCs) – Peoples has agreed to actively engage with EDCs to encourage enhanced communications and documenting when the Company sends an electricity shut-off request to an EDC. *See* Joint Petition at 17, ¶ 36.M.
- Periodic Monitored Excavation Inspections for Known Trenchless Excavations – Peoples has agreed to perform periodic monitored excavation inspections when it has direct notice of, or observes, trenchless excavations occurring on a risk-based approach in connection with PA One Call tickets. *See* Joint Petition at 18, ¶ 36.P.

In consideration of these remedial measures, we find the Settlement terms to be reasonable and we find that this factor weighs in favor of approving the Settlement as being in the public interest.

The fifth factor we may consider is the number of customers affected and the duration of the violation. 52 Pa. Code § 69.1201(c)(5).

In the Statement in Support, I&E explained that relatively few customers were affected and only for a short period of time. According to I&E, the incident resulted in the evacuation of a four-block radius around the incident site and gas and electric services were restored relatively quickly. Joint Petition, App. B at 13.

In the Joint Stipulation, the Parties clarified that after the explosion, a four-block area around the incident site was evacuated. At some time after the explosion, electric services were turned off in the four-block radius around the incident site. By the end of the day on July 27, 2021, the day after the explosion, electric service had been

restored to the area, except for the three residences damaged in the explosion and fire. Also, by the end of the day on July 27, 2021, gas service was restored to the area, with the exception of one customer; additionally, two customers declined to have their service turned back on and gas service remained disconnected to the three residences damaged in the explosion and fire. Joint Stipulation at 5-7.

In addressing this factor, we acknowledge the tragic loss of one life and four injuries, including Peoples' FCS, and the resulting evacuation of the four block area around the explosion site. In consideration of both elements of this factor, we find the Settlement to be reasonable.

The sixth factor we may consider is the compliance history of the utility. 52 Pa. Code § 69.1201(c)(6).

In addressing this factor in its Statement in Support, I&E referenced two instances of compliance issues in the preceding 10-year period. I&E noted that the \$325,000 civil penalty assessed in this Settlement is the largest civil penalty ever assessed on Peoples. Joint Petition, App. B at 13.

In the first cited case, *Peoples Order 2022*, I&E explained that Peoples paid a \$195,000 civil penalty in connection with the failure of a temporary regulator station that resulted in a natural gas leak and service outages. In that matter, I&E's investigation determined that the conduct of Peoples included the following: (1) failure to construct the temporary meter station in accordance with comprehensive written specifications or standards; (2) the temporary meter station was constructed in a manner that it failed to maintain structural integrity; (3) use of plastic piping that was not designed with enough flexibility to prevent thermal expansion or contraction from causing excessive stresses on the coupling; (4) failure to take all practicable steps to protect the temporary meter station from unstable soil or other hazards that may cause the pipeline to move or sustain

abnormal loads; (5) failure to place line markers around the perimeter of the station and to indicate the underground location of the inlet and outlet pipeline; (6) failure to install the temporary meter station in a manner that minimized shear or tensile stresses; and (7) failure to protect the temporary meter station from accidental vehicular damage. Joint Petition, App. B at 13-14.

In the second cited case, *Peoples Order 2024*, I&E noted that Peoples paid a \$250,000 civil penalty in connection with an over-pressurization event that occurred in Peoples' distribution system serving Robinson, PA. I&E's investigation, in that matter, determined that the conduct of Peoples included the following: (1) failure to have sufficient safety standards to protect against accidental overpressure; (2) failure to establish sufficient training materials; (3) operating steel or plastic pipelines in excess of maximum operating pressure; and (4) failure to ensure employees have the necessary knowledge and skills to safely perform such task. Joint Petition, App. B at 14.

Here, we recognize the relatively recent assessments of two significant civil penalties against Peoples involving allegations of compliance violations. We have evaluated these recent cases in relation to the record in this proceeding, and the other factors of the Policy Statement, and find the civil penalty amount and the additional remedial measures to be reasonable under the circumstances.

The seventh factor we may consider is whether the Company cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7).

In its Statement in Support, I&E submitted that, since the filing of the Complaint, Peoples has been cooperative with I&E in identifying policies and procedures, facilities, and training that can be further improved to assist the Company in

enhancing the safety and reliability of service and to satisfy the commitments in the Settlement process. I&E added:

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

Joint Petition, App. B at 14-15.

Under this factor, the ALJ found that the Parties provided no details about the extent of the investigation by I&E and that the Company failed to Answer the Complaint without explanation. R.D. at 30.

As discussed above, we disagree with the ALJs' conclusions pertaining to the significance of no Answer being filed by Peoples. Additionally, upon review of this factor and the record before us, we have no basis to question I&E's assurance that Peoples was cooperative with I&E. Also, in reviewing the detailed Complaint and the 14 exhibits comprising 526 pages, many of which have been designated as proprietary, it is evident that Peoples cooperated with I&E's investigation inquiries and discovery requests. Accordingly, we find this undisputed factor to weigh in favor of the approval of the Settlement.

The eighth factor we may consider is the amount of the civil penalty necessary to deter future violations. 52 Pa. Code § 69.1201(c)(8).

I&E asserted that given the nature of Peoples's conduct and the resulting consequences, a civil penalty of \$325,000, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty payment in this case. Further, I&E submitted that the \$50,000 donation to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents, in addition to the monetary cost of Peoples's performance of the remedial measures, are sufficient to deter Peoples from committing future violations. Joint Petition, App. B at 15.

In its Statement in Support, Peoples reiterated its position that its actions did not violate any law or regulations. However, the Company argued that the civil penalty and capital expenditures agreed to in the Settlement are significant, representing a large portion of the maximum penalty I&E could have pursued in this proceeding. According to Peoples, the expenditures nearing the maximum penalty amount are more than sufficient to deter future violations. Joint Petition, App. C at 10-11.

The ALJ discounted the Parties' positions under this factor, restating that Peoples has not accepted responsibility for its response to the incident. Here, the ALJ highlighted what he viewed as many missing facts in the timeline of Peoples' actions and the Company's contentions regarding the actions by GJI. The ALJ determined that there is no evidence to establish what investigation or discovery was conducted by the Parties or what facts support the Company's contentions. Thus, the ALJ concluded that it is difficult to consider the deterrent effect of the Settlement when details of the violations here have not been sufficiently addressed. R.D. at 31.

In our disposition of the Parties' Exceptions, *supra*, we held that there is no requirement for the Commission to determine fault or to weigh evidence in our consideration of whether the Settlement is in the public interest. The ALJ's application of the deterrence factor here, however, appears to tread in this direction of weighing what he views as missing evidence and of a failure by the Company to admit guilt. As fully

explained above, and in the *PGW Order* and the *December 2025 Order*, our focus on a full Settlement such as this is not on weighing evidence or requiring the admission of guilt, but on addressing the public interest factors, including the addition of meaningful measures to advance public safety.

Upon review of this factor, we find that the significant agreed-upon civil penalty of \$325,000 and the required donation of \$50,000 for the purchase and distribution of methane detectors within the Tyrone, PA community, added to the Company's costs to comply with the agreed-upon remedial measures, should serve as a robust deterrent for any future alleged violations such as those raised in the Complaint.

The ninth factor we may consider is past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(9).

In its Statement in Support, I&E asserted that the Settlement is fair and reasonable and provides comparable or even superior relief to prior enforcement matters involving similar pipeline safety violations. In I&E's view, when comparing this proceeding to other pipeline matters involving pipeline safety violations that resulted in serious consequences, the 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. Joint Petition, App. B at 15-16.

Peoples asserted in its Statement in Support that to its knowledge, the Settlement is consistent with past Commission decisions. Joint Petition, App. C at 11. Further, in response to the ALJ's criticism of I&E's assessment of this factor, the Company submits that the Commission should defer to I&E's extensive expertise with these types of matters. Peoples Exc. at 18.

This case appears to present unique allegations implicating the alleged conduct of an independent third party contractor conducting horizontal direction drilling in apparent violation of the PA One Call Law as being the direct or proximate cause of the incident. We are aware of no recent Commission decisions involving this similar factual situation. However, the circumstances of a settlement involving an independent entity being the alleged proximate cause of a natural gas explosion are not unprecedented. For example, in 2011, the Commission approved a settlement between the Commission’s Law Bureau Prosecutory Staff¹³ and the Peoples Natural Gas Company d/b/a Dominion Peoples (Dominion), a predecessor in interest to the Company, involving a catastrophic explosion and fire in Plum Borough, PA, on March 5, 2008. *See Pa. PUC v. The Peoples Natural Gas Company, d/b/a Dominion Peoples*, Docket No. C-2009-2027991 (Opinion and Order entered January 14, 2011) (*Peoples Order 2011*).¹⁴ The resulting fire and explosion killed one person, seriously injured another person, destroyed three houses, and caused damages to eleven other residences.

In *Peoples Order 2011*, an investigation by the Commission’s Gas Safety Division and the National Transportation Safety Board revealed that the primary party responsible for the explosion was a subcontractor conducting sewage excavation work on behalf of the Plum Borough Municipal Authority. According to the investigation, the subcontractor’s excavation work stripped a natural gas pipe’s protective coating and

¹³ The Commission’s Law Prosecutory Staff was the predecessor of I&E’s Enforcement Division. *See Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

¹⁴ We acknowledge that under the sixth *Rosi* factor, pertaining to Peoples’ compliance history, I&E limited its review to the Company’s compliance history during the preceding 10-year period. Joint Petition, App. B at 13 (citing *Pa. PUC, Bureau of Investigation and Enforcement v. UGI Utilities, Inc. – Gas Division*, Docket No. C-2018-3005151 (Opinion and Order entered October 29, 2020) at 27 (Commission limited the review to the compliance history of a long-time certificated NGDC to the past ten years when the matter concerned alleged gas violations). We cite *Peoples Order 2011*, here, entered over fifteen years ago, for the limited purpose of considering past Commission decisions involving similar circumstances.

made the pipe susceptible to corrosion and failure. Prior to the settlement, prosecutorial staff was prepared to argue, in part, that Dominion had failed to follow its procedures for inspection of the site at the time of the excavation and replacement work on the sewer lateral lines. Ultimately, in the settlement, Dominion agreed to pay a civil penalty of \$80,000 and the Commission approved the settlement as being in the public interest. *Peoples Order 2011* at 14.

Although the proceeding in *Peoples Order 2011* also involved allegations of violations of the PA One Call Law, the excavation work therein involved circumstances potentially distinguishable from the allegations in the present Settlement involving trenchless excavation activities. For example, as noted in the PA One Call Complaint referenced in this Settlement, I&E alleged, in part, that GJI failed to hold a preconstruction meeting with Peoples, as required for complex projects. PA One Call Complaint at 7. Additionally, Peoples has alleged that GJI failed to inform the Company that it struck a gas line or undertook various self-help measures that hindered Peoples' emergency response efforts. Joint Petition, App. C at 2.

However, the proceeding in *Peoples Order 2011* is useful in considering generally similar situations and whether a proposed Settlement is in the public interest. Accordingly, we have evaluated the *Peoples Order 2011* and the civil penalty of \$80,000 approved in that proceeding and find that for purposes of analyzing this factor, we find: (1) the agreed-upon civil penalty of \$325,000, (2) the \$50,000 donation for methane detectors, and (3) the numerous remedial provisions in this instant proceeding to be

reasonable and in the public interest.¹⁵ Moreover, in our view, the Parties' efforts here to reach a novel Settlement are commendable, including the implementation of the enhanced safety measures.

The final *Rosi* factor we may consider are “[o]ther relevant factors.”
52 Pa. Code § 69.1201(c)(10).

In its Statement in Support, I&E proffered that whether the case was settled or litigated was of pivotal importance to this Settlement. I&E submitted that:

A settlement avoids the necessity for the governmental agency to prove elements of each allegation. In return, the opposing party in a settlement agrees to a lesser fine or penalty, or other remedial action. Both Parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Some remedial actions agreed to in a settlement may not always be obtainable if a matter is fully litigated. Reasonable settlement terms can represent economic and programmatic compromise while allowing the Parties to move forward and to focus on implementing the agreed upon remedial actions and enhancing public safety.

Joint Petition, App. B at 16.

¹⁵ See also *Pa. PUC, Bureau of Investigation and Enforcement, v. UGI Utilities, Inc.*, Docket No. C-2012-2295974 (Final Order entered May 9, 2013; Initial Decision issued April 5, 2013) (Complaint alleged that the precipitating cause of a gas explosion was that a third party contractor ruptured a gas main during horizontal directional drilling and that the NGDC failed, in part, to properly mark its underground facilities and to have procedures in place to locate lines; the Commission found the settlement, which included a civil penalty of \$200,000 and remedial measures to be in the public interest).

In addressing this factor, the ALJ considered I&E's assessment of the value of avoiding litigation as missing the serious nature of the incident and of failing to assure the public that utilities are exercising the utmost care in ensuring public safety. The ALJ stated concerns about the evidentiary record in this proceeding as being insufficient to establish substantial evidence to properly consider or support the proposed Settlement. R.D. at 32.

In its Exceptions, I&E argues that the ALJ failed to consider the full context of its Statement in Support that the Settlement facilitated remedial measures that might have otherwise been foreclosed if the matter were fully litigated. I&E submits that the substantial benefits of the remedial measures, that were obtained via the Settlement, should be implemented in order to enhance public safety. I&E Exc. at 18-19.

Peoples reiterates its position that the ALJ incorrectly focused on finding fault and weighing evidence and trivialized I&E's investigation. According to Peoples, the Parties provided substantial evidence supporting the Settlement and explaining why it is in the public interest. Peoples Exc. at 19.

We agree with I&E's assessment that the Settlement helped to provide additional remedial measures and public safety enhancement, such as the purchase and distribution of methane detectors throughout the community of Tyrone, PA, that may not have otherwise been attainable if the matter had been fully litigated. Accordingly, we agree that this factor weighs in favor of approving the Settlement as being in the public interest.

Consistent with the above discussion, we shall approve the Settlement without modification finding it to be in the public interest. Accordingly, we shall vacate the Recommended Decision.

Further, in the ordering paragraphs below, we shall direct that, as agreed upon in the Settlement: (1) Peoples shall remit a civil penalty in the amount of \$325,000 within thirty (30) days of the entry date of this Opinion and Order; and (2) Peoples shall make a donation of \$50,000 to Tyrone, PA area fire departments for the purchase and distribution of methane detectors to local businesses and residents, within thirty (30) days of the entry date of this Opinion and Order.¹⁶

4. Directing Evidentiary Hearings – Peoples Exception No. 4

In its fourth Exception, Peoples argues that the ALJ erred in directing evidentiary hearings where there are no issues in dispute and the Parties do not seek to participate in hearings. The Company submits that one of the primary benefits of a settlement is that it avoids the time and expense of additional litigation. Here, Peoples states, the requirement to hold evidentiary hearings will add substantial time and costs to this proceeding. Peoples Exc. at 19.

Moreover, Peoples argues that the continued request for hearings demonstrates the ALJ's focus on weighing evidence and opining on litigation positions. In the Company's view, such a determination stands in direct contrast to the holding in the *December 2025 Order* that for settlements the Commission does not weigh evidence, opine on legal positions, or require parties to admit violations. Peoples asserts that the Settlement here accomplishes the goal of providing meaningful measures to advance the

¹⁶ Pursuant to Paragraph 38 of the Settlement, following the performance of the non-monetary, remedial measures, we shall direct Peoples to file a verification of compliance with the Commission. Consistent with this provision, we shall also direct the Company to file a notification with the Commission that the donation of \$50,000 has been made to the fire departments in Tyrone, PA. We do not deem this requirement to be a substantive modification to the Settlement and find it consistent with the compliance reporting requirements set forth in 52 Pa. Code § 5.591.

safe operation of utility infrastructure for the distinct benefit of public safety. Peoples Exc. at 19.

In addition, the Company contends that it is unclear how an evidentiary hearing would work when none of the Parties seek a hearing. Peoples adds that it is I&E's role to prosecute this proceeding, and the ALJ's role to adjudicate it. Citing to the legal principle that the prosecutory and adjudicatory roles cannot be commingled, Peoples argues that the ALJ's recommended imposition of unwanted evidentiary hearings here, infringes on I&E's role as prosecutor. Peoples Exc. at 20 (citing *Lyness v. Commonwealth*, 605 A.2d 1204 (Pa. 1992)).

In light of our approval of the Settlement as being in the public interest, it is unnecessary for us to address the ALJ's recommendation to require evidentiary hearings in this matter. Accordingly, we shall decline to consider Peoples Exception No. 4.

IV. Conclusion

Upon review, we shall: (1) grant I&E's Exceptions; (2) grant Peoples' Exceptions, in part, and decline to address them, in part; (3) vacate the ALJ's Recommended Decision; and (4) approve the Settlement, without modification, all consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Exceptions of the Commission's Bureau of Investigation and Enforcement, filed on February 5, 2026, to the Recommended Decision of Administrative Law Judge Jeffrey A. Watson, issued on January 29, 2026, are granted, consistent with this Opinion and Order.

2. That the Exceptions of Peoples Natural Gas Company LLC, filed on February 5, 2026, to the Recommended Decision of Administrative Law Judge Jeffrey A. Watson, issued on January 29, 2026, are granted, in part, consistent with this Opinion and Order.

3. That the Recommended Decision of Administrative Law Judge Jeffrey A. Watson, issued on January 29, 2026 at Docket No. C-2024-3050319, is vacated.

4. That the Joint Petition for Approval of Settlement, filed on January 17, 2025, by the Commission's Bureau of Investigation and Enforcement and Peoples Natural Gas Company LLC, at Docket No. C-2024-3050319, is approved in its entirety, without modification.

5. That, in accordance with Section 3301(c) of the Public Utility Code, 66 Pa.C.S. § 3301(c), within thirty (30) days of entry of this Opinion and Order, Peoples Natural Gas Company LLC will remit a civil penalty of Three Hundred Twenty-Five Thousand Dollars (\$325,000.00), payable by certified check or money order to "Commonwealth of Pennsylvania" and sent to:

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

6. That the civil penalty outlined in Ordering Paragraph No. 5, above, shall not be tax deductible or passed through as an additional charge to Peoples Natural Gas Company LLC's customers in Pennsylvania.

7. That Peoples Natural Gas Company LLC shall make a donation in the amount of Fifty Thousand Dollars (\$50,000.00) to Tyrone, PA, area fire departments for the purchase and distribution of methane detectors to local businesses and residents. Said donation shall be made within thirty (30) days of date of entry of the final Commission Order in this proceeding, and the Peoples Natural Gas Company LLC shall notify the Commission's Secretary, once said donation is made. The donation shall not be passed through as an additional charge to Peoples Natural Gas Company LLC's customers in Pennsylvania.

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

9. That a copy of this Opinion and Order will be served upon the Financial and Assessment Chief, Bureau of Administration.

10. That, if Peoples Natural Gas Company LLC fails to make the civil penalty payment and the monetary donation, as required in Ordering Paragraph Nos. 5 and 7 above, within thirty (30) days of the entry of the final Commission Order in this proceeding, 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.

11. That, upon receipt of the civil penalty in Ordering Paragraph No. 5, the making of the monetary donation outlined in Ordering Paragraph No. 7, and the verifications acknowledging that the non-monetary remedial measures set forth in Ordering Paragraph No. 8 have been fulfilled, the above-captioned matter shall be marked closed.

BY THE COMMISSION

A handwritten signature in black ink, reading "Matthew L. Homsher". The signature is written in a cursive style with a large initial "M".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: March 26, 2026

ORDER ENTERED: March 26, 2026