BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement	:	
	:	
v.	:	C-2023-3044398
	:	
Columbia Gas of Pennsylvania, Inc.	:	

RECOMMENDED DECISION

Before
Jeffrey A. Watson
Administrative Law Judge

INTRODUCTION

This decision recommends that the Commission approve the Joint Petition for Approval of Settlement entered into by the Bureau of Investigation and Enforcement and Columbia Gas of Pennsylvania, Inc.

HISTORY OF THE PROCEEDING

On or about November 21, 2023, the Bureau of Investigation and Enforcement (I&E) filed a Complaint with the Pennsylvania Public Utility Commission (Commission) at Docket No. C-2023-3044398. The Complaint included the following averments:

a. Columbia Gas and its contractor, Infrasource, failed to identify no less than 220 visually unacceptable fusions and saddle tee fusions on service lines and main lines. These visually unacceptable fusions lacked a complete impression of the cold ring clamp and/or were mitered.[1]

b. Columbia Gas and its contractor, Infrasource, failed to mark, label, or sign no less than 552 fusions according to Columbia Gas Standards.[2]

c. Columbia Gas and its contractor, Infrasource, allowed an unqualified contractor employee to perform and inspect plastic fusions.[3]

d. Columbia Gas and its contractor, Infrasource, failed to properly install no less than 44 saddle tee taps to a gas main line.[4]

e. Columbia Gas and its contractor, Infrasource, failed to capture and maintain accurate records of the pipeline components and personnel performing work on the pipeline.[5]

In the Complaint against Columbia Gas of Pennsylvania, Inc., (Columbia or Columbia Gas) I&E made several requests for relief, including that the Commission: (1) find Columbia Gas to be in violation of the Public Utility Code, Commission regulations, and/or Code of Federal Regulations for each violation alleged; (2) impose a cumulative civil penalty upon Columbia Gas in the amount of Two Million, One Hundred Eighty-Six Thousand, Four Hundred Sixty-Five Dollars ($2,186,465.00); (3) direct Columbia Gas to perform each of the corrective actions detailed in the Complaint; and (4) order such other remedies as the Commission may deem appropriate.

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[1] Compl. ¶¶ 37a, 53.
[2] *Id*. ¶¶ 37d, 54.
[3] *Id*. ¶ 55.
[4] *Id*. ¶ 56.
[5] *Id*. ¶ 57.

On December 8, 2023, Columbia Gas filed an Unopposed Motion for Extension of Time to File an Answer, which was granted on December 12, 2023. On January 12, 2024, Columbia filed an Answer to I&E's Complaint. In its Answer, Columbia, *inter alia,* denied all material allegations of fact and denied that I&E was entitled to relief.

By notice dated January 23, 2024, this matter was scheduled for a Telephonic Prehearing Conference on March 13, 2024, before Administrative Law Judge (ALJ) Conrad Johnson. On March 12, 2024, I&E and Columbia Gas each filed Prehearing Memoranda. On March 13, 2024, a Telephonic Prehearing Conference was held before ALJ Conrad Johnson.

On March 14, 2024, an Interim Order was issued holding establishment of a litigation schedule in abeyance and directing the parties to file a status report, allowing the Parties to explore settlement. The Parties filed status reports on May 17, 2024, and November 14, 2024, indicating that settlement negotiations were progressing.

On March 4, 2025, the Commission issued a Judge Change Notice assigning this proceeding to the undersigned.

On or about March 14, 2025, I&E and Columbia (Parties or Joint Petitioners) filed a Joint Petition for Approval of Settlement (Settlement or Settlement Agreement) to resolve all issues related to the above-docketed I&E Formal Complaint (Complaint) proceeding. Attached to the Settlement were Joint Proposed Conclusions of Law and Ordering Paragraphs attached as Appendix A, and Statements in Support of the Settlement of I&E and Columbia Gas attached as Appendix B and Appendix C, respectively.

Although I&E filed a Formal Complaint and an Answer was filed by Columbia, there was no evidentiary hearing in this proceeding and neither Party proffered evidence by stipulation nor did the proposed Settlement contain any stipulation of facts to establish an evidentiary record. Accordingly, on October 17, 2025, an Interim Order was entered holding the record at Docket No. C-2023-3044398 open and providing the Parties an opportunity to file any appropriate and timely pleadings; a proposed stipulation of facts with citations to record evidence to be entered into the evidentiary record; a motion to admit evidence into the record to support a settlement; and an amended settlement with proposed stipulated facts.

On January 15, 2026, the Parties filed a Joint Motion to Admit Evidence Into the Record to Support Settlement and a Joint Stipulation of Facts, in support of their Joint Petition. The Motion identified the proposed exhibits including Confidential Exhibits E, F and G. No request for a protective order was filed in this proceeding and no Order was requested to determine that any filing or evidence in this proceeding is confidential or proprietary. The Parties, in their Joint Motion to Admit Evidence Into the Record to Support Settlement, moved for admission into the evidentiary record the statements and appendices attached to the Joint Motion to Admit Evidence Into the Record to Support Settlement, marked as Appendix D. The Parties requested that the Appendices identified as Confidential, namely, Confidential Appendices E, F, and G, also be moved into the evidentiary record on a confidential basis.

In order to consider the proposed Settlement and to address the intent of the Parties to restrict access to the materials identified as Confidential, and to provide the Parties an opportunity to confer and attempt to agree to the terms of a protective order, an Interim Order was entered on February 6, 2026. The Interim Order directed the Parties to confer and attempt to stipulate to the terms of a petition and protective order to address the proposal to admit, on a confidential basis, Appendices E, F, and G, as identified in the Joint Motion to Admit Evidence Into the Record to Support Settlement at Appendix D.

The Parties were also permitted, on or before March 10, 2026, to file a proposed petition for a protective order. The Joint Motion to Admit Evidence Into the Record to Support Settlement was held in abeyance pending receipt of any petition for protective order timely filed by a party to this proceeding.

On March 10, 2026, the Parties filed a Joint Motion of Columbia Gas of Pennsylvania, Inc. and the Bureau Of Investigation And Enforcement for a Protective Order.

On May 20, 2026, an Interim Order Granting Joint Motion Of Columbia Gas Of Pennsylvania, Inc. and The Bureau Of Investigation And Enforcement For Protective Order was entered.

On May 21, 2026, an Interim Order was entered granting the Joint Motion to Admit Evidence Into the Record to Support Settlement, including the proposal to admit, on a confidential basis, Appendices E, F, and G, as identified in the Joint Motion to Admit Evidence Into the Record to Support Settlement at Appendix D. In addition, the Parties were directed to file the properly marked evidence identified in the Joint Motion to Admit Evidence Into the Record to Support Settlement, with the Commission Secretary, and provide a copy of such evidence to the undersigned presiding officer, as marked and filed, within 30 days of the date of the Interim Order.

On June 12, 2026, counsel for Columbia filed Appendix H with the Commission Secretary, as well as Appendices E, F, and G, identified as Confidential.

On June 24, 2026, an Interim Order was entered closing the evidentiary record in this proceeding.

This Recommended Decision recommends the Joint Petition for Settlement be adopted.

FINDINGS OF FACT

The Settling Parties have agreed to findings of fact numbers 1 through 57 set forth in the Joint Stipulation of Facts filed by the Parties on January 15, 2026. These stipulated findings by the Settling Parties provide the information necessary to support the findings of fact set forth below and are adopted without modification, with regard to the Settlement of this matter. The stipulated facts are set forth verbatim below.[6]

Stipulation of Facts

A. Overview of Columbia Gas

1. Columbia Gas is a "public utility" as defined at 66 Pa.C.S. § 102,[7] as it is engaged in providing public utility service as a natural gas distribution company ("NGDC") to the public for compensation. Columbia Gas, as a public utility, is subject to the regulatory authority and enforcement power of this Commission pursuant to Section 501(c) of the Code, 66 Pa.C.S. § 501(c), which requires a public utility to comply with Commission regulations and orders, including Federal pipeline safety laws and regulations.

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[6] The verbatim stipulated facts only change the numbering of the footnotes contained therein, to accommodate this Decision. The Stipulation of Facts also sets forth terms and conditions of the stipulation.

[7] "Public utility" is defined as: Any person or corporations now or hereafter owning or operating in this Commonwealth equipment or facilities for producing, generating, transmitting, distributing or furnishing natural or artificial gas, electricity, or steam for the production of light, heat, or power to or for the public for compensation.

2. Columbia Gas is owned by NiSource and has approximately 448,000 customers in 26 counties across the Commonwealth.

B. Background

3. On or about July 27, 2020, Columbia Gas's customer located at 1115 Tropical Avenue, Pittsburgh, PA, reported an odor of natural gas.

4. The source of the leak at 1115 Tropical Avenue was excavated, and it was found that a failed socket fusion connecting the service line to the riser, near the house, was the source of the leak.

5. Socket fusion is accomplished by heating the inside of a fitting with a properly sized plate and simultaneously heating the outside of a cleaned and prepared plastic pipe to accept the fitting. When both pieces reach a melting temperature, the pipe is inserted and melted to the fitting.

6. The service line at 1115 Tropical Avenue was installed in 2019 as part of a larger main line replacement project in the area (hereinafter referred to as "Tropical Avenue Project").

7. The Tropical Avenue Project started on or about March 20, 2019 and was completed on or about December 19, 2019.

8. The Tropical Avenue Project included the installation of 5,840 feet of 2" medium density plastic pipe, 2,680 feet of 4" medium density plastic pipe, and 372 service lines and increased the maximum allowable operating pressure.

9. Columbia Gas hired a contractor, Infrasource, a Quanta Services Company, ("Contractor" or "Infrasource") to perform the main and service construction for the Tropical Avenue Project.

10. Columbia Gas's records indicated the failed fusion at 1115 Tropical Avenue was completed by an Infrasource employee (hereinafter "Employee A") who completed fifty-nine (59) socket fusions on the Tropical Avenue Project.

11. After consultation and direction from I&E's Pipeline Safety ("Pipeline Safety"), Columbia Gas conducted a set of integrity validation digs, with the intent to determine the extent of the socket fusion quality for in-service gas service lines on the Tropical Avenue Project.

12. These digs occurred on or about November 23, 2020 and November 24, 2020.

13. The November 23, 2020 digs resulted in the following non-compliant results based on visual inspections:

a. Socket fusion located at 830 Tropical Avenue, passed visual inspection, but the fusion was not properly labeled;

b. Socket fusion located at 933 Tropical Avenue, passed visual inspection, but the fusion was not properly labeled;

c. Socket fusion located at 973 Tropical Avenue, passed visual inspection, but the fusion was not properly labeled;

d. Socket fusion located at 977 Tropical Avenue, failed visual inspection because it was mitered and the fusion was not properly labeled;

e. Socket fusion located at 1007 Tropical Avenue, failed visual inspection because it was mitered and the fusion was not properly labeled;

i. Socket fusion located at 1108 Tropical Avenue, passed visual inspection, but the fusion was not properly labeled; and

f. Socket fusion located at 1124 Tropical Avenue, passed visual inspection and was properly labeled, but the fusion was performed by an Infrasource employee (hereinafter "Employee B"), who was not qualified to perform this socket fusion.

14. Employee B failed an Operator Qualification plan requalification test in July of 2019, resulting in his disqualification from performing socket fusions.

15. In total, Employee B performed two socket fusions at a time that he was disqualified from performing those fusions.

16. The November 24, 2020 digs resulted in the following non-compliant results:

a. Socket fusion located at 834 Tropical Avenue did not pass visual inspection because of a lack of cold ring impression and the fusion was not properly labeled; and

b. Socket fusion located at 838 Tropical Avenue did not pass visual inspection because of a lack of cold ring impression.

17. Based upon the results of the validation digs, Columbia Gas and I&E's Pipeline Safety Division determined that more socket fusions would require

excavation for inspection as visually unacceptable fusions were found, along with incorrect records.

18. Columbia Gas and Pipeline Safety deemed it necessary to excavate and inspect all 59 socket fusions made by Employee A and upon investigation of these 59 fusions, it was found that additional Infrasource personnel had completed visually unacceptable fusions, as well as additional incorrect records and labeling.

19. Based upon the additional issues found, Columbia Gas continued investigating socket fusions made on the entire Tropical Avenue Project, conducting further investigative digs.

20. These subsequent investigative digs excavated fusion joints in the street at the main line to inspect the saddle tee fusion, as well as socket fusions connecting to the service line. The service lines were also excavated at, or near the meter to inspect the fusion connecting the service line to the meter riser.

21. The subsequent investigative digs discovered visually unacceptable socket fusions, failures to label fusions as required by Columbia Gas Standards, records that failed to match the fuser identified on the pipe, and records that failed to match the fusion type used.

22. The results of the subsequent investigative digs of the Tropical Avenue Project prompted Columbia Gas to investigate their completed Fallowfield, Spring Valley, Olivia, and Route 19 projects.

23. In or around August of 2021, Columbia Gas began investigative digs at these additional project sites.

24. In total, the investigative digs at the Tropical Avenue, Fallowfield, Spring Valley, Olivia, and Route 19 projects resulted in the following findings:

> a. 178 fittings with fusions that were visually unacceptable according to Columbia Gas Standards, due to misalignment, over melt, missing impressions of cold ring clamps on the ends of the fusions, and voids, or a lack of melted plastic material at the ends of the fusion;
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> b. Included in the 178 fittings referenced above, 88 fusions near the taps or "saddle tees" were not installed according to Columbia Gas Standards;
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> c. 239 records that did not match the fuser identified on the pipe or did not match the fusion type found upon excavation;
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> d. 580 fusions that were not labeled according to Columbia Gas Standards, due to a lack of a label, label on one side of coupling only, or label on the coupling only; and
>
> e. 20 contractor employees who performed and inspected visually unacceptable fusions.

25. The fusions completed on the Tropical Avenue, Fallowfield, Spring Valley, Olivia, and Route 19 projects were self-approved by the individual making the fusion and that individual was not always a qualified employee of Columbia Gas.

26. On or about December 13, 2021, replacement of all visually unacceptable fusions was completed on the Tropical Avenue Project.

27. On or about August 20, 2021, replacement of all visually unacceptable fusions was completed on the Spring Valley Project.

28. On or about October 22, 2021, replacement of all visually unacceptable fusions was completed on the Fallowfield Project.

29. On or about August 27, 2021, replacement of all visually unacceptable fusions were completed at the Olivia and Route 19 projects.

C. Columbia Gas's Procedures

30. Columbia Gas's Gas Standard Procedures set the requirements for qualifications to perform plastic fusions and requires that a training program provides initial and remedial training for plastic joining techniques. All persons responsible for making plastic joints (i.e., fusion or mechanical) are required to re-qualify once each calendar year, not to exceed 15 months. When a fuser's operator qualification has been revoked, the fuser shall re-qualify before that individual can perform another plastic production joint in the field. Persons failing to qualify are not allowed to make that type of joint until they successfully qualify. Supervisors are responsible for ensuring personnel performing plastic fusion in their area are properly qualified.

31. At the time of the aforementioned projects, Columbia Gas's Gas Standard Procedures required that after fusion and cooling, visual inspection of the socket fusion joint must occur. The joint must have a complete impression of the cold ring clamp, which shall be visible in the melt pattern at the end of the socket. There shall be no gaps, voids or un-bonded areas. The pipe and fitting shall be in good axial alignment. If the joint appears to be mitered, it shall be removed and replaced.

32. Columbia Gas's Gas Standard Procedures required that "when fusing plastic pipe or fittings, print the date the fusion was made and the employee/contractor ID, e.g. NiSource employee I.D. number, or the person performing the fusion on the pipe."

33. Columbia Gas's Gas Standard Procedures required that personnel who inspect plastic fusions on Company owned facilities shall be qualified to join plastic pipes under Columbia Gas's plastic pipe fusion procedures every calendar year or be qualified to evaluate acceptability of plastic fusion joints every three (3) calendar years. The fusion joiner shall be responsible for the quality of fusion joining workmanship and for the acceptance and rejection of production fusion joints. The fusion joiner shall replace all rejected production fusion joints.

D. Columbia Gas's Remedial Actions

34. Columbia Gas has implemented actions designed to reduce risk associated with socket fusion, enhance contractor oversight, assure the production of quality fusions, and enhance knowledge of its system.

35. Columbia Gas has discontinued the use of socket fusion as a joining method, effective July 1, 2021.

36. Columbia Gas commissioned a third-party engineering analysis of visual failures referenced at this docket. The testing and analysis, performed by Exponent, did not identify a relationship between failing visual characteristics and loss of pressure integrity. In other words, the analysis found no correlation between a visual failure and fusion integrity.

37. Columbia Gas has implemented a high accuracy GPS program as part of its construction services infrastructure replacement program which allows for the collection and retention of asset information and photos (including fusion information). Columbia Gas is also exploring the potential for expanded use of GPS functionality to include operations and maintenance work in the future.

38. Columbia Gas has implemented a Quality Assurance / Quality Control ("QA/QC") program which reduces the risks from failure of its gas distribution pipeline by providing Quality Assurance and Quality Control of construction practices and construction oversight by a group separate and different form the construction coordinators.

39. Columbia Gas has enhanced its management oversight of construction activities through the development of Quality Assurance summary reports issued weekly and monthly that present findings from Construction QA/QC audits, which are reviewed by Construction leadership.

40. Columbia Gas has implemented changes to the Construction Coordinator role which are designed to enhance time spent in the field overseeing construction activities, including fusions. These changes include:

a. Construction Coordinator on-site observation requirements for Critical Tasks;

i. Critical Tasks include, but are not limited to main pressure tests, main tie-ins/tapping/POD Stations, main purging, mainline abandonments, mainline bypassing, system uprates or requalification, and distribution main internal cleaning (pigging).

ii. Construction Coordinators' observations vary based on the Critical Task.

iii. Construction Coordinators are required to document the observations on the task-specific plan.

b. Digitization of paper documents designed to increase efficiency in the completion of required documentation; and

c. Increased headcount within the Gas Construction department to support job readiness, forecasting, tracking, permitting, etc. This includes the addition of 8 Project Manager ("PM") positions which support projects across the state. The new PMs are responsible for tracking permits, coordinating scheduling, and planning with local authorities, among other things. The new PMs enable Construction Coordinators to witness more work in the field.

41. Columbia Gas developed Gas Standard (1300.020) "Legacy Plastic Fusion Inspection", which sets requirements for the inspection of all in-service plastic fusion joints which are uncovered during the course of work on a pipeline. The procedure also outlines the criteria to be used in the evaluation of the fusion joints.

42. Columbia Gas did not recover the costs associated with the plastic fusion investigations and subsequent remediations for the projects identified in this proceeding.

E. Investigation and Evidence

43. In order to provide clarity and context for the issues identified in Paragraph 16(a) through (u) of the Interim Order,[8] the Parties provide the following:

44. The Parties submit that the discovery leading up to the Complaint and during the course of this proceeding was extensive and thorough, and such robust

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[8] The Parties acknowledge the Commission's Opinion and Order related to the Joint Petition for Interlocutory Review entered December 18, 2025 at Docket No. C-2024-3050319. Any filings made herein pursuant to the Interim Order issued on October 17, 2025 in the present proceeding are undertaken solely to comply with such directives and shall not be construed as a waiver of any present or future position, claim, or defense available to the Parties.

discovery provides the Commission with the necessary foundation – and now evidentiary record – to fully evaluate the merits of the Settlement.

45. Over the span of approximately one year, between February 2021 and January 2022, I&E issued six sets of Information Requests ("IRs"). Each set of IRs sought detailed information concerning Columbia Gas' operations, compliance practices, and the factual circumstances underlying the allegations in the Complaint. Enclosed with this Stipulation and identified as Confidential Appendix E are Columbia's responses to the six sets of IRs.

46. As reflected in Confidential Appendix E, Columbia Gas provided thorough and voluminous responses to I&E's IRs, including narrative explanations, technical data, compliance records, internal reports, pipeline records, inspection data, and other materials necessary to evaluate the matters alleged in the Complaint.

47. After filing the Complaint, the Company provided additional information to I&E to advance settlement discussions. For instance, the Company provided a report to I&E from an independent third-party, Exponent, enclosed as Confidential Appendix F. Columbia Gas retained Exponent to perform an independent investigation of the socket fusion joints installed on the Tropical Avenue project. Exponent's analysis included a review of documents related to the subject joints provided by Columbia Gas; a review of analysis and testing performed by other parties; an analysis of testing performed by Columbia Gas; hydrostatic testing performed by Exponent; and a review of available incident data related to failures of plastic gas pipeline components, including a comparison of the Tropical Avenue leak rate compared to other installations. Notably, Exponent's comprehensive evaluation did not identify a relationship between failing visual characteristics and loss of pressure integrity.

48. Overall, I&E's investigation, and Columbia Gas' participation in the investigation, were neither perfunctory nor superficial. To the contrary, the investigation was a sustained, detailed, and resource intensive effort.

49. During the course of the investigation, the Company produced the Contractors' Operator Qualifications ("OQs"), as well as the Company's internal policies and procedures that the Contractor was required to follow in performing socket fusion installations.[9] These materials establish the standards and obligations governing the Contractor's work and demonstrate the framework within which the Contractor was obliged to operate. In addition, the Company is providing its contractual agreements with the Contractor, enclosed as Confidential Appendix G. The Contractors' OQs, the Company's internal policies and procedures, and the agreements between the Company and the Contractor provide the relevant context for evaluating the Settlement in this proceeding.

50. As identified in Section B, above, the projects evaluated throughout the investigation included the Company's Tropical Avenue, Fallowfield, Spring Valley, Olivia, and Route 19 projects.

51. The obligations and duties of Columbia Gas, the Contractor and/or any other persons or entities to perform, to inspect and document the work related to socket fusion installations, including the Tropical Avenue Project, were provided during the course of the investigation and are included in Confidential Appendix E, pp 4-6, 10-75, 143-146. By way of further illustration, see Appendix H for the most recent version of the Construction Coordinator job description, which Columbia provided to I&E during this proceeding.

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[9] *See* Confidential Appendix E.

52. Details and documentation regarding the installation, completion and inspection of each socket fusion by Columbia Gas, the Contractor or any other person or entity is included in Confidential Appendix E, pp. 7, 789-793, 953-1796, 1830-1837, 1841-1858, 1859-2005. In addition to the information in Confidential Appendix E, Columbia also provided weekly updates to the Pipeline Safety Division throughout the course of the investigation.

53. Details regarding the conduct, results and communication of the socket fusion inspections related to this matter are included in Confidential Appendix E, pp 4-6, 10-75, 143-146, 794-796. The qualifications of each person conducting such socket fusion installation inspections are included in Confidential Appendix E, pp 117-138.

54. The responsibility of Columbia Gas to supervise, oversee and/or inspect each such socket fusion installation is included in Confidential Appendix E, pp 794-796.

55. Information related to "self-approved" socket fusion installations is included in Confidential Appendix E, pp 1803-1858.

56. Overall, Columbia Gas cooperated fully with I&E throughout the investigation and proceeding, providing documentation, records, and responses that demonstrate a commitment to transparency. The evidence exchanged and referenced in this filing confirms that the Settlement directly addresses the concerns raised and ensures that the remedial measures are in the public interest.

57. The evidence provided throughout this proceeding supports the conclusion that the Settlement is a fair resolution that is in the public interest.

SETTLEMENT TERMS

The Settlement provides that I&E and Columbia, intending to be legally bound and for consideration given, desire to fully and finally conclude this litigation and agree that a Commission Order approving the Settlement without modification will create the following rights and obligations, as set forth in pages 9 through 13 in the Joint Petition For Approval of Settlement, which are provided verbatim,[10] as follows:

Settlement Terms

1. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest,[11] I&E and Columbia Gas held a series of discussions and meetings after the filing of I&E's Complaint that culminated in this Settlement. The purpose of this Joint Petition for Approval of Settlement is to terminate I&E's Complaint and to settle this matter completely without further litigation. Although I&E filed a Formal Complaint, there has been no evidentiary hearing before any tribunal, and no sworn testimony has been taken in any proceeding related to this incident.

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

3. The Parties recognize that their positions and claims are disputed and further recognize the significant and more immediate benefits of amicably resolving the disputed issues through settlement as opposed to time-consuming and expensive litigation.

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[10] Appendices B and C are Statements in Support submitted by I&E and Columbia Gas, respectively, setting forth the bases upon which the Parties believe the Settlement Agreement is in the public interest, and are attached to the Settlement.

[11] *See* 52 Pa. Code § 5.231(a).

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

A. <u>Civil Penalty</u>:

Columbia Gas will pay a civil penalty in the amount of Eight Hundred Seventy-Five Thousand Dollars ($875,000.00) 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-2023-3044398, will be indicated with the certified check or money order and the payment will be sent to:

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

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

B. <u>Recovery of Costs:</u>

Columbia Gas may not recover the costs associated with the plastic fusion investigations and subsequent remediations for the projects identified in the Formal Complaint at this docket.

C. <u>Columbia Gas's Implemented Actions</u>:

Since the alleged conduct at issue in the Formal Complaint, Columbia Gas has implemented the following actions designed to reduce risk associated with socket fusion, enhance contractor oversight, assure the production of quality fusions, and enhance knowledge of its system:

1. Columbia Gas has discontinued the use of socket fusion as a joining method, effective July 1, 2021.

2. Columbia Gas commissioned a third-party engineering analysis of visual failures referenced at this docket. The testing and analysis, performed by Exponent, did not identify a relationship between failing visual characteristics and loss of pressure integrity. In other words, the analysis found no correlation between a visual failure and fusion integrity.

3. Columbia Gas has implemented a high accuracy GPS program as part of its construction services infrastructure replacement program which allows for the collection and retention of asset information and photos (including fusion information). Columbia Gas is also exploring the potential for expanded use of GPS functionality to include operations and maintenance work in the future.

4. Columbia Gas has implemented a Quality Assurance / Quality Control ("QA/QC") program which reduces the risks from failure of its gas distribution pipeline by providing Quality Assurance and Quality Control of construction practices and construction oversight by a group separate and different form the construction coordinators.

5. Columbia Gas has enhanced its management oversight of construction activities through the development of Quality Assurance summary reports issued weekly and monthly that present findings from Construction QA/QC audits, which are reviewed by Construction leadership.

6. Columbia Gas has implemented changes to the Construction Coordinator role which are designed to enhance time spent in the field overseeing construction activities, including fusions. These changes include:

- Construction Coordinator on-site observation requirements for Critical Tasks;
    - Critical Tasks include, but are not limited to main pressure tests, main tie-ins/tapping/POD Stations, main purging, mainline abandonments, mainline bypassing, system uprates or

requalification, and distribution main internal cleaning (pigging).

  - o Construction Coordinators' observations vary based on the Critical Task.
  - o Construction Coordinators are required to document the observations on the task-specific plan.

- Digitization of paper documents designed to increase efficiency in the completion of required documentation; and

- Increased headcount within the Gas Construction department to support job readiness, forecasting, tracking, permitting, etc. This includes the addition of 8 Project Manager ("PM") positions which support projects across the state. The new PMs are responsible for tracking permits, coordinating scheduling, and planning with local authorities, among other things. The new PMs enable Construction Coordinators to witness more work in the field.

7. Columbia Gas developed Gas Standard (1300.020) "Legacy Plastic Fusion Inspection", which sets requirements for the inspection of all in-service plastic fusion joints which are uncovered during the course of work on a pipeline. The procedure also outlines the criteria to be used in the evaluation of the fusion joints.

D. Facility Failure Reports:

Columbia Gas will amend its procedures to require the submission of a Facility Failure Report for all legacy production joints which are removed following a failure of a legacy plastic fusion visual inspection.

E. Inclusion of Visually Unacceptable Fusions in Columbia Gas's DIMP:

Columbia Gas will develop a process to incorporate the findings and locations of visually unacceptable fusions removed from service into the annual Columbia Gas DIMP program review, including facility failure report information.

F. <u>Fusion Inspection Documentation Process</u>:

Develop a fusion inspection documentation process to be used by Columbia Gas Construction Coordinators when evaluating fusions witnessed in the field. Each Construction Coordinator will be expected to document no less than an average of four fusion inspections per month in a calendar year. Construction Coordinators should attempt to observe a variety of plastic fusion joint types and fusers, where possible. Columbia Gas will use reasonable efforts to ensure the documentation of inspections occurs at regular intervals throughout the year. After the first full year of implementation of this process the Company may adjust the minimum average number of fusion inspections per month, as necessary, based upon inspection results and trends. The minimum average number of fusion inspections per month shall not fall below two. Results of these inspections will be made available to I&E for review, upon request. Columbia Gas will maintain records of any failures of plastic fusions that were put into service under this process and these records will be made available to I&E for review, upon request. Columbia may consult with and seek Pipeline Safety's approval to end the process. If Pipeline Safety does not approve ending the process after 10 years, Columbia may petition the Commission to end the process and Pipeline Safety may object to the petition. This process may be expanded upon the agreement of the Parties or upon Commission Order.

G. <u>Notification of Plastic Fusion Leaks</u>:

Columbia Gas will notify Pipeline Safety when a leak occurs at a plastic fusion as soon as practical, but not to exceed the next business day following discovery. Columbia may consult with and seek Pipeline Safety's approval to end this process, based on results and trends.

H. <u>Implementation Timeline</u>:

Unless otherwise specified, Columbia Gas will implement the above actions within six (6) months of a Commission Final Opinion and Order approving this Settlement.

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

6. Following the performance of the non-monetary remedial measures referenced above, Columbia Gas will file with the Commission a verification acknowledging that each non-monetary, remedial measure has been met or complied with, pursuant to 52 Pa. Code § 5.591.

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

CONDITIONS OF SETTLEMENT

I&E and Columbia, intending to be legally bound and for consideration given, desire to fully and finally conclude this litigation and agree that a Commission Order approving the Settlement without modification will create the following conditions of settlement, as set forth in pages 14 through 17 in the Joint Petition For Approval of Settlement, and which are provided herein verbatim, as follows:

1. The Joint Petition For Approval of Settlement represents the Settlement Agreement in its entirety and constitutes a negotiated resolution solely of the above-referenced proceeding at Docket No. C-2023-3044398. No changes to obligations set forth herein may be made unless they are in writing and are expressly accepted by the parties involved. This Settlement Agreement shall be construed and interpreted under Pennsylvania law, without regard to its conflict of laws provisions.

2. The Parties agree that this Settlement may be executed in one or more counterparts, each of which will be deemed an original, and all of which taken together constitute one and the same agreement that is binding upon the Parties as if they executed a single petition.

3. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Joint Petition for Approval of Settlement without modification. If the Commission modifies this Settlement Agreement, any party may elect to withdraw from this Settlement Agreement and may proceed with litigation or take such other action as deemed appropriate and, in such event, this Settlement Agreement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all parties within twenty (20) business days after entry of an Order modifying the Settlement.

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

5. The Parties agree that the underlying allegations were not the subject of any hearing and that there has been no Order, findings of fact, or conclusions of law rendered in this Complaint proceeding, other than those as stipulated to or proposed as part of this Settlement. It is further understood that, by entering into this Settlement Agreement, Columbia Gas has made no concession or admission of fact or law and may dispute all issues of fact and law for all purposes in any other proceeding, including but not limited to any civil proceedings, that may arise as a result of the circumstances described in this Joint Settlement Petition, nor may this Settlement be used by any other person or entity as a concession or admission of fact or law.

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

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

8. The terms and conditions of the Settlement Agreement represent reasonably negotiated compromises on the issues addressed herein. Thus, the Settlement Agreement is consistent with the Commission's rules and practices encouraging negotiated settlements set forth in 52 Pa. Code §§ 5.231 and 69.1201.

DISCUSSION

The Commission's evaluation of whether to approve a settlement is not based on a "burden of proof" standard, as is utilized for contested matters. The Commission reviews proposed settlements to determine whether the terms are in the public interest.[12] By definition, a "settlement" reflects a compromise of the positions that the parties of interest have held, which arguably fosters and promotes the public interest.

In reviewing the settlement, the Commission must ensure that an appropriate investigation was conducted and determine what happened in this instance, so hopefully these circumstances will not be repeated.[13]

The Parties express their respective positions regarding the Settlement Agreement and the Commission's Policy Statement on litigated and settled proceedings involving violations of the Code and Commission's regulations[14] below.

Settlement Agreement

Columbia's Position

Columbia explains, pursuant to Paragraph 39 of the Settlement Agreement, Columbia has agreed to pay a civil penalty in the amount of $875,000.00 pursuant to 66 Pa.C.S. § 3301(c), within thirty (30) days of the entry date of the Commission's Final

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[12] *Pub. Util. Comm'n v Golden Triangle Constr., Co.*, Inc., Docket C-2020-3022293 (Opinion and Order entered August 25, 2022); *Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa.P.U.C.. 767 (1991).

[13] 66 Pa.C.S. § 501.

[14] Commission's *Policy Statement for Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations*, 52 Pa. Code § 69.1201 (Policy Statement).

Order approving the Settlement Agreement. 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), and Columbia will not seek recovery of any portion of any agreed upon total civil penalty amount in any future ratemaking proceeding. In addition, Columbia Gas may not recover the costs associated with the plastic fusion investigations and subsequent remediations for the projects identified in the Complaint. Columbia submits that it has also implemented the actions designed to reduce risk associated with socket fusion, enhance contractor oversight, assure the production of quality fusions, and enhance knowledge of its system, as identified in the Settlement.

Columbia has also agreed to amend its procedures to require the submission of a Facility Failure Report for all legacy production joints which are removed following a failure of a legacy plastic fusion visual inspection and to develop a process to incorporate the findings and locations of visually unacceptable fusions removed from service into the annual Columbia Gas DIMP program review, including facility failure report information.

Columbia explains it has also agreed to develop a fusion inspection documentation process to be used by Columbia Gas Construction Coordinators when evaluating fusions witnessed in the field, and will use reasonable efforts to ensure the documentation of inspections occurs at regular intervals throughout the year. After the first full year of implementation of this process the Company may adjust the minimum average number of fusion inspections per month, as necessary, based upon inspection results and trends. The minimum average number of fusion inspections per month shall not fall below two. Results of these inspections will be made available to I&E for review, upon request. Columbia will maintain records of any failures of plastic fusions that were put into service under this process and these records will be made available to I&E for review, upon request.

Columbia will also notify Pipeline Safety when a leak occurs at a plastic fusion as soon as practical, but not to exceed the next business day following discovery and Columbia may consult with and seek Pipeline Safety's approval to end this process, based on results and trends.

Unless otherwise specified, Columbia submits it will implement the above actions within six (6) months of a Commission Final Opinion and Order approving the Settlement.

Commission Policy Statement on Litigated and Settled Proceedings Involving Violation of the Public Utility Code and Commission Regulations

Columbia submits that approval of the Settlement Agreement is consistent with the Commission's *Policy Statement for Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations.*[15]

Under the Commission Policy Statement, the Commission will consider ten specific factors when evaluating settlements of alleged violations of the Public Utility Code and Commission's Regulations.

With regard to the first standard in the Policy Statement, whether the conduct at issue was of a serious nature, Columbia submits there is no suggestion in the descriptions of alleged violations in the Settlement Agreement that Columbia engaged in willful fraud or misrepresentation.

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[15] Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations (Policy Statement), 52 Pa. Code § 69.1201; See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc., Docket No. C- 00992409 (Order entered March 16, 2000).

Regarding the second standard, whether the resulting consequences attributable to the conduct at issue were of a serious nature, Columbia acknowledges that the provision of natural gas service to the public is, by its nature, a serious matter and that leaking gas facilities can result in significant property damage, personal injury, and/or loss of life.

Since this is a settled matter, Columbia submits the third standard, whether the alleged conduct at issue was intentional or negligent, is not at issue.

Under the fourth standard in the Policy Statement, the Commission will consider modifications that may include activities such as training and improving company techniques and supervision, as well as the time it took to correct the conduct, and the involvement of top-level management in correcting the conduct. Columbia asserts all of these considerations weigh in favor of approval of the Settlement in this matter. The Settlement Agreement describes Columbia Gas's commitments regarding fusion inspection documentation, DIMP modifications, and increased oversight of construction activities, among other things, as described in Paragraph 39 of the Settlement Agreement. Columbia asserts it implemented all of the following corrective measures before I&E's submission of the Formal Complaint:

> (a) discontinued socket fusion as a joining method, as described in Subparagraph 39(C)(1) of the Settlement Agreement;
>
> (b) replaced all visually unacceptable fusions found related to the projects identified in the Formal Complaint, as described in Subparagraph 23 of the Settlement Agreement;
>
> (c) commissioned a third-party engineering analysis of visual failures referenced at this docket as described in Subparagraph 39(C)(2) of the Settlement Agreement;

(d) enhanced management oversight of construction activities through the development of Quality Assurance summary reports issues weekly and monthly, as described in Subparagraph 39(C)(5) of the Settlement Agreement;

(e) increased efficiency for the Construction Coordinator role which are designed to enhance time spent in the field overseeing construction activities, including fusions, as described in Subparagraph 39(C)(6) of the Settlement Agreement.

Columbia submits, regarding the fifth standard, gas service to the homeowner at 1115 Tropical Avenue was interrupted for a period of less than 5 hours while Columbia made repairs to the leak that initiated this proceeding. The homeowner was not evacuated while repairs were made. The leak was identified at 11:52 a.m. on July 27, 2020 and gas service was restored by 4:30 p.m.

Regarding the sixth standard in the Policy Statement, Columbia submits, in the past twelve years the Commission has assessed civil penalties ranging from $9,000 to $990,000 pursuant to settlements between Columbia Gas and I&E related to allegations of gas safety violations.[16]

Regarding the seventh standard in the Policy Statement, Columbia maintains that the Company cooperated with I&E in its investigation, and Columbia submits there are no facts alleged that would establish bad faith on the part of Columbia Gas or that it engaged in concealment of violations.

Regarding the eighth standard, Columbia submits that the civil penalty of $875,000 will adequately serve to deter future violations, especially in light of the non-

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[16] *See* Docket Nos. M-2014-2306067; M-2016-2378672; M-2021-3005572; M-2022-3012079; C-2023-3043425, and; M-2024-3038111.

monetary remedial measures under the Settlement Agreement that are meant to mitigate the risk of future occurrences like the matter that is the subject of this proceeding.

Regarding the ninth standard, Columbia asserts the alleged conduct in the case that is the subject of the current Settlement Agreement is different than the conduct at issue in prior matters involving Columbia. Columbia has agreed to a higher civil penalty in this matter than in Docket No. C-2023-3043425 where the consequences of its alleged conduct involved an explosion that resulted in significant property damage.

Regarding the tenth standard, Columbia Gas submits that it is in the public interest to settle this matter so as to avoid the expense of litigation. Moreover, the Settlement is in the public interest through remedial measures that will promote gas safety and reliability in Columbia Gas's service territory that will benefit the public.

I&E's Position

Settlement Agreement

I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission's Policy Statement which sets forth ten (10) factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest.[17]

With regard to the first factor that considers whether the conduct at issue was of a serious nature, I&E submits that the conduct alleged in the Complaint does not

[17] 52 Pa. Code § 69.1201.

rise to the level of willful fraud or misrepresentation, but is of a more serious nature than a mere administrative error.

I&E submits that any conduct involving the fusion and installation of plastic natural gas pipelines should be taken seriously due to the inherent danger involved if such pipelines should leak, rupture, or otherwise fail, and that the actions and inactions of Columbia Gas described above constitute conduct that placed the public safety at risk, and therefore, I&E submits that the civil penalty is warranted in this case.

Regarding the second factor, whether the resulting consequences of Columbia Gas's alleged conduct were of a serious nature, I&E submits that although there were no fatalities, injuries, property damage, or natural gas explosions, Columbia's failure to identify fusions visually, failure to properly label fusions, allowing an unqualified individual to perform fusions, and failure to maintain accurate records, represented a threat to public safety.

I&E submits the third factor, whether the alleged conduct was intentional or negligent, may only be considered in evaluating litigated cases.

Regarding the fourth factor, whether Columbia has made efforts to change its practices and procedures to prevent similar conduct in the future, I&E asserts Columbia Gas has proactively implemented actions to correct the conduct at issue and prevent similar future conduct, as explained by Columbia above.

Additionally, Columbia Gas has agreed to take further remedial action as outlined in the Settlement Agreement at Paragraph 39. According to I&E, each of the remedial actions and commitments described at Paragraph 39 of the Settlement Agreement address the alleged conduct at issue and are designed to prevent a similar occurrence.

The fifth factor to be considered relates to the number of customers affected by the Company's actions and the duration of the violations.[18] I&E explains there is no evidence that customers suffered adverse consequences such as loss of service or property damage.

The sixth factor, regarding the compliance history of Columbia in the preceding 10 years, addresses four significant settlements[19] entered into based on Columbia Gas's failure to follow the Code, Commission regulations, and/or the Code of Federal Regulations.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2016-2378672 (Order entered December 7, 2017), a settlement was reached regarding two separate incidents of contractor employee injuries in 2013. The first occurred due to failure to warn a contractor employee reconnecting two pipeline segments that the section was still under pressure from an earlier test, resulting in the employee suffering a severe leg injury. The second involved a contractor employee who sustained injuries to his foot and ankle while working at the receiving end of a pigging operation. I&E concluded Columbia and its contractor failed to exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected. The Commission approved a settlement agreement wherein Columbia Gas agreed to pay a civil penalty amount of $50,000.00 as a result of these serious employee safety-related incidents.

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[18] 52 Pa. Code § 69.1201(c)(5).

[19] A fifth, and comparatively minor, settlement was approved by the Commission on February 20, 2025, at *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2024-3038111. At this docket, Columbia Gas agreed to pay a civil penalty of $9,000 and implement remedial measures to resolve allegations that a welding burn-through on a regulator station pipe was put into service.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2022-3012079 (Order entered August 3, 2023), Columbia entered into a settlement agreement whereby it agreed to pay a civil penalty of $990,000 following a natural gas explosion that caused injuries to four individuals and significant property damage. I&E alleged that Columbia was involved in a project to install a new main to increase or uprate the pressure of the existing main and failed to include the residence at 100 Park Lane on the Company's maps for the project, which led to the over pressurization of the house piping and appliances since the service line to the 100 Park Lane residence was not equipped with a service regulator at the time of the incremental pressure uprating.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2021-3005572 (Order entered August 24, 2023), Columbia agreed to pay a civil penalty of $535,000 following allegations of overpressure events which resulted in no injury or property damage. I&E alleged the overpressure events at two locations, one of which occurred over a course of twenty-six (26) days from May 16, 2018 to June, 12, 2018, at the Company's Rimersburg System and the other occurred over a course of four (4) days at the Company's distribution system in Fayetteville, Pennsylvania. I&E concluded that both of these incidents occurred due to inadequate use and maintenance of bypass valves, and the 22 subsequent leaks of gas from such bypass valves causing the systems to overpressurize.

In *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. C-2023-3043425 (Order entered January 8, 2025), Columbia entered into a settlement where it agreed to pay a civil penalty of $700,000.00 following allegations of a vintage plastic fusion failure and a natural gas explosion on October 29, 2020, that resulted in significant property damage. There, I&E alleged Columbia failed to properly heat fuse a plastic pipe when it was installed in 1982, did not adequately train its personnel on procedures related to documentation of prior confirmed leaks on Columbia Gas's facilities, failed to adequately and accurately complete a Facility Failure Report, and failed to provide copies of a root cause analysis report.

The seventh factor relates to whether the Company cooperated with the Commission's investigation. I&E submits Columbia has been cooperative with the Commission investigation from the outset through the settlement process.

The eighth factor to be considered is the appropriate settlement amount necessary to deter future violations. I&E submits that given the nature of Columbia's conduct and the nature of the resulting consequences, the proposed penalty, which is not tax deductible, nor recoverable from ratepayers, is appropriate. I&E further submits that the monetary cost of Columbia Gas's performance of all the remedial measures and agreement to not seek recovery of the monetary costs associated with the plastic fusion investigations and subsequent remediations for the projects is sufficient to deter Columbia Gas from committing future violations.

The ninth factor to be considered relates to past Commission decisions in similar situations. I&E submits that the Settlement provides comparable or even superior relief to prior enforcement matters involving similar pipeline safety violations.

According to I&E, other relevant factors include 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.

<u>The Public Interest</u>

I&E concludes the Settlement, if approved, will provide substantial public benefits including reduction in risk associated with plastic pipe fusions, enhancing contractor oversight, improving oversight of construction activities including plastic fusions, assuring the production of quality plastic fusions, and enhancing Columbia Gas's knowledge of its own system.

Analysis

I&E, which is charged with investigating gas safety issues for the public, filed a verified complaint alleging, in part, that Columbia, through its acts and omissions, failed to furnish and maintain adequate, efficient, safe and reasonable service and facilities for the accommodation and safety of the public, thereby placing the safety of its customers, employees and the public in danger. Columbia filed an Answer to I&E's Complaint. In its Answer, Columbia, *inter alia,* denied all material allegations of fact and denied that I&E was entitled to relief.

The Commission's evaluation of whether to approve a settlement is not based on a "burden of proof" standard, as is utilized for contested matters. The Commission reviews proposed settlements to determine whether the terms are in the public interest.[20] By definition, a "settlement" reflects a compromise of the positions that the parties of interest have held, which arguably fosters and promotes the public interest.

As set forth in more detail below, this Settlement meets the public interest standard. The terms set forth in the Statements in Support of Settlement filed by Columbia and I&E indicate that I&E conducted an appropriate investigation to determine what occurred in this instance and acted to attempt to prevent this conduct by Columbia from reoccurring. The civil penalty set forth in the Settlement is in the public interest based upon an application of the Commission's Policy Statement and Rosi factors here.

[20] *Pub. Util. Comm'n v Golden Triangle Constr., Co.*, Inc., Docket C-2020-3022293 (Opinion and Order entered August 25, 2022); *Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa.P.U.C.. 767 (1991).

Under the Commission Policy Statement, the Commission will consider specific factors when evaluating settlements of alleged violations of the Public Utility Code and Commission's Regulations. These factors are: (1) Whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation; (2) Whether the resulting consequences of the conduct at issue were of a serious nature, such as personal injury or property damage; (3) Whether the conduct at issue was deemed intentional or negligent (may only be considered when evaluating litigated cases); (4) Whether the regulated entity made efforts to modify internal policies and procedures to address the conduct at issue and prevent similar conduct in the future; (5) The number of customers affected and the duration of the violation; (6) The compliance history of the regulated entity that committed the violation; (7) Whether the regulated entity cooperated with the Commission's investigation; (8) The amount of the civil penalty or fine necessary to deter future violations; (9) Past Commission decisions in similar situations; and (10) Other relevant factors.[21]

In addition to the civil penalty of $875,000, Columbia has agreed to various remedial measures intended to enhance safety and to respond to the allegations raised in the Formal Complaint. The remedial and safety measures are summarized as follows:

> 1. The civil penalty will not be tax deductible or recovered in any future rate making proceeding[22];
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> 2. Columbia may not recover the costs associated with the plastic fusion investigations and subsequent remediations for the projects identified in the Formal Complaint at this docket[23];
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> 3. Columbia has taken affirmative actions to reduce risk associated with socket fusion, enhance contractor oversight, ensure the production of quality fusions, and

[21] 52 Pa. Code § 69.1201(c).

[22] Settlement, Paragraph 39(A).

[23] *Id.,* 39(B).

enhance knowledge of its system, which include discontinuing the use of socket fusions, testing and analysis of the visually unacceptable fusions, implementation of a high accuracy GPS program, implementation of a Quality Assurance / Quality Control (QA/QC) program, enhanced management oversight of construction activities, implemented changes to the Construction Coordinator role that are designed to enhance time spent in the field overseeing construction activities, and implementation of a procedure for legacy plastic fusion inspections[24];

4. Columbia will amend its procedures to require the submission of a Facility Failure Report for all legacy production joints which are removed following a failure of a legacy plastic fusion visual inspection[25]

5. Columbia will develop a process to incorporate the findings and locations of visually unacceptable fusions removed from service into the annual Columbia Gas DIMP program review[26];

6. Columbia will implement a fusion inspection documentation process to be used by Columbia Gas Construction Coordinators when evaluating fusions witnessed in the field[27]; and

7. Columbia will notify Pipeline Safety when a leak occurs at a plastic fusion as soon as practical, but not to exceed the next business day following discovery.[28]

The Commission has long recognized that settlements lessen the time and expense that the Parties must expend on litigating a case and conserve precious administrative resources. Settlement results are often preferable to those achieved at the

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24 *Id.,* 39(C).
25 *Id.,* 39(D).
26 *Id.*, 39(E).
27 *Id.,* 39(F).
28 *Id.,* 39(G).

conclusion of a fully litigated proceeding. "The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a 'burden of proof' standard, as is utilized for contested matters."[29]

Approval of the Settlement Agreement is consistent with the Commission's Policy Statement regarding *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations*.[30] The Commission will not apply the factors as strictly in settled cases as in litigated cases.[31] 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."[32]

The first factor considers whether the conduct was of a serious nature, such as willful fraud or misrepresentation, or less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty.[33]

The record demonstrates that the conduct by Columbia is of a serious nature and includes (1) the failure to identify no less than 220 visually unacceptable fusions and saddle tee fusions on service lines and main lines; (2) the failure to mark, label, or sign no less than 552 fusions according to Columbia Gas Standards; (3) allowing unqualified contractor employees to perform and inspect plastic fusions; (4) the failure to properly install no less than 44 saddle tee taps to a gas main line; (5) the failure to capture

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29 *Pa. Pub. Util. Comm'n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al*. (Order entered July 14, 2011) at p. 11.

30 52 Pa. Code § 69.1201; *See also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C- 00992409 (Order entered March 16, 2000).

31 52 Pa. Code § 69.1201(b).

32 *Id*.

33 52 Pa. Code § 69.1201(c)(1).

and maintain accurate records of the pipeline components and personnel performing work on the pipeline; and (6) creating an unsafe and hazardous condition.

As I&E asserted, conduct involving the fusion and installation of plastic natural gas pipelines must be taken seriously by Columbia due to the inherent danger involved if such pipelines should leak, rupture, or otherwise fail. Such a failure could result in significant injury and property damage. As I&E explained, the visual acceptability standards should be diligently adhered to, so as to ensure the best possible outcomes for plastic fusions. The evidence establishes that the actions and inactions of Columbia placed the public, property and the lives of others in significant risk of danger, thereby warranting the imposition of a significant civil penalty under the circumstances.

The second factor considers whether the resulting consequences of the conduct were of a serious nature, such as personal injury or property damage, which may warrant a higher penalty.[34] No fatalities, injuries, or property damage, resulted from Columbia's failure to identify fusions visually, failure to properly label fusions, allowing an unqualified individual to perform fusions, and failure to maintain accurate records, however, Columbia's conduct presented a significant threat to public safety.

The third factor is whether the alleged conduct was intentional or negligent and may be considered in evaluating litigated cases. [35]

The fourth factor is whether Columbia made efforts to change its practices and procedures to prevent similar conduct in the future.[36] The record suggests that Columbia has taken action to prevent similar future conduct by discontinuing the use of socket fusions, testing and analysis of the visually unacceptable fusions, implementation

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[34] 52 Pa. Code § 69.1201(c)(2).
[35] 52 Pa. Code § 69.1201(c)(3).
[36] 52 Pa. Code § 69.1201(c)(4).

of a high accuracy GPS program, implementation of a Quality Assurance / Quality Control program, enhanced management oversight of construction activities, implemented changes to the Construction Coordinator role that are designed to enhance time spent in the field overseeing construction activities, and implementation of a procedure for legacy plastic fusion inspections.

Columbia has also agreed to take remedial action as described in the Settlement Agreement at Paragraph 39, including (1) amending its procedures to require the submission of a Facility Failure Report for all legacy production joints which are removed following a failure of a legacy plastic fusion visual inspection; (2) developing a process to incorporate the findings and locations of visually unacceptable fusions removed from service into the annual Columbia Gas DIMP program review; (3) implementing a fusion inspection documentation process to be used by Columbia Gas Construction Coordinators when evaluating fusions witnessed in the field; and (4) notifying Pipeline Safety when a leak occurs at a plastic fusion as soon as practical, but not to exceed the next business day following discovery.

The Parties have represented that each of the remedial actions and commitments described at Paragraph 39 of the Settlement Agreement address the conduct by Columbia and are designed to prevent a similar occurrence in the future.

The fifth factor relates to the number of customers affected by the Company's actions and the duration of the violations.[37] No customers who suffered adverse consequences such as loss of service or property damage were identified by the Parties in this proceeding.

[37] 52 Pa. Code § 69.1201(c)(5).

The sixth factor relates to the compliance history of Columbia Gas. The record indicates in December of 2017, a settlement with Columbia was approved following two separate incidents of contractor employee injuries in 2013. The first incident occurred due to failure to warn a contractor employee reconnecting two pipeline segments that the section was still under pressure from an earlier test, resulting in the employee suffering a severe leg injury and the second involved a contractor employee who sustained injuries to his foot and ankle while working at the receiving end of a pigging operation. According to I&E, Columbia and its contractor failed to exercise reasonable care to reduce the hazards to which employees, customers, and others may be subjected and Columbia agreed to pay a civil penalty amount of $50,000.00.[38]

In 2023, Columbia agreed to pay a civil penalty of $990,000 resulting from a natural gas explosion that caused injuries to four individuals and significant property damage resulting from a project to install a new main to increase or uprate the pressure of the existing main, after allegedly failing to include the residence at 100 Park Lane on the Company's maps for the project, which led to the overpressurization of the house piping and appliances not equipped with a service regulator at the time of the incremental pressure uprating. [39]

In 2023, Columbia also agreed to pay a civil penalty of $535,000 following allegations of overpressure events at two locations, one of which occurred from May 16, 2018 to June, 12, 2018, at the Company's Rimersburg System, and the other occurred over a course of four (4) days at the Company's distribution system in Fayetteville, Pennsylvania. These instances allegedly occurred due to inadequate use and

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[38] *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2016-2378672 (Order entered December 7, 2017)

[39] *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2022-3012079 (Order entered August 3, 2023),

maintenance of bypass valves, and the 22 subsequent leaks of gas from such bypass valves causing the systems to overpressurize and did not result in injury.[40]

Columbia agreed to pay a civil penalty of $700,000.00 following allegations of a vintage plastic fusion failure and a natural gas explosion on October 29, 2020, that resulted in significant property damage, after I&E alleged Columbia failed to properly heat fuse a plastic pipe when it was installed in 1982, did not adequately train its personnel on procedures related to documentation of prior confirmed leaks on Columbia Gas's facilities, failed to properly complete a Facility Failure Report, and failed to provide copies of a root cause analysis report.[41]

The seventh factor to be considered relates to whether the Company cooperated with the Commission's investigation.[42] The record indicates that Columbia has been cooperative with the Commission investigation.

The eighth factor is the appropriate settlement amount necessary to deter future violations.[43] The Parties agreed that a civil penalty amount of $875,000.00, which is not tax deductible, nor recoverable from ratepayers, is an appropriate penalty payment in this case.

The ninth factor relates to past Commission decisions in similar situations.[44] It appears that, compared to other pipeline matters involving pipeline safety violations that resulted in serious consequences, the Settlement is consistent with past

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[40] *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. M-2021-3005572 (Order entered August 24, 2023),

[41] *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa., Inc.*, Docket No. C-2023-3043425 (Order entered January 8, 2025).

[42] 52 Pa. Code § 69.1201(c)(7).

[43] 52 Pa. Code § 69.1201(c)(8).

[44] 52 Pa. Code § 69.1201(c)(9)

Commission actions, in that a substantial civil penalty will be paid and numerous, corrective actions will be taken.

The tenth factor addresses “other relevant factors.”[45] No additional “other relevant factors” were specifically addressed by the Parties that are relevant to the Settlement.

In consideration of the policy factors identified above, it appears that the terms of the Settlement Agreement are appropriate and that approval of the Settlement Agreement is in the public interest.

Civil Penalty Discussion

The agreed-upon civil penalty and remedial measures of the Settlement appear to acknowledge that serious consequences occurred and are designed to further enhance the safety of Columbia’s service and facilities.

Although Commission policy promotes settlements, achieving a settlement to avoid litigation, alone, is not a sufficient basis to conclude that a settlement is in the public interest.[46] The representations of the Parties indicate that the Settlement is in the public interest.

Conclusion

Considering the stipulated facts and evidence presented by the parties to the instant proceeding, the Settlement appears to be in the public interest. Therefore, based

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45 52 Pa. Code § 69.1201(c)(10).

46 *See* 52 Pa. Code § 5.231.

upon the record evidence and the representations of the Parties, I recommend that the Commission approve the Settlement, under the circumstances, without modification.

CONCLUSIONS OF LAW

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

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

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

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

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

conduit facilities in the transportation of natural gas, flammable gas, or gas which is toxic or corrosive.

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

7. The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), on July 31, 2019, revised the maximum civil penalty to Two Hundred Eighteen Thousand, Six Hundred Forty-Seven Dollars ($218,647.00) for each violation for each day the violation continues, with a maximum penalty not to exceed Two Million, One Hundred Eighty-Six Thousand, Four Hundred Sixty-Five Dollars ($2,186,465.00) for a related series of violations.[47]

8. It is the policy of the Commission to encourage settlements.[48]

9. The Commission has adopted a policy statement which enumerates the standards that it uses to evaluate civil penalties.[49] Under the circumstances, the following Order will be entered.

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[47] 84 Fed. Reg. 37059 (July 31, 2019).
[48] 52 Pa. Code § 5.231(a).
[49] 52 Pa. Code § 69.1201.

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Settlement Petition filed by the Commission's Bureau of Investigation and Enforcement and Columbia Gas of Pennsylvania, Inc. is approved in its entirety.

2. That, in accordance with Section 3301(c) of the Public Utility Code, 66 Pa.C.S. § 3301(c), within thirty (30) days of the date this Order becomes final, Columbia Gas of Pennsylvania, Inc. will pay a civil penalty of Eight Hundred Seventy-Five Thousand Dollars ($875,000.00). Said payment will be made by certified check or money order payable to "Commonwealth of Pennsylvania" and will be sent to:

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

3. That the civil penalty will not be tax deductible or passed through as an additional charge to Columbia Gas of Pennsylvania, Inc.'s customers.

4. That upon fulfillment of all non-monetary remedial measures set forth in Paragraph 39 of the Joint Petition for Settlement, Columbia Gas of Pennsylvania, Inc. will file and serve copies upon the Parties, the Commission and the Bureau of Technical

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

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

6. That upon receipt of the civil penalty and the verification acknowledging that the non-monetary remedial measures set forth in Paragraph 39 of the Joint Petition for Settlement have been fulfilled the above-captioned matter shall be marked closed.

Date: July 23, 2026

/s/
Jeffrey A. Watson
Administrative Law Judge