

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Law Bureau Prosecutory Staff

v.

UGI Utilities, Inc.

Public Meeting held September 10, 2009

2031571-OSA

Docket No. M-2009-2031571

Joint Motion of Chairman James H. Cawley and Commissioner Wayne E. Gardner

This matter involves a Settlement Agreement between the Commission's Law Bureau Prosecutory Staff (LBPS) and UGI Utilities, Inc. (UGI) stemming from an explosion that occurred in Allentown, on December 9, 2006, which destroyed four row homes and resulted in one minor injury. The incident allegedly was caused by improper procedures utilized by UGI's subcontractor while installing automated meter reading devices (AMR) in the Reading and Lehigh areas. The Settlement terms include, *inter alia*, UGI's hiring of a consultant to review its Operator Qualification meter removal standards; provision of training and re-qualification of all required employees and contractors using the revised procedures; revising meter valve and curb shut off procedures; and, payment of an \$80,000 civil penalty.

We believe that the nature of the incident and the alleged violations of federal and state gas safety regulations merit a greater penalty. Ensuring that our public utilities operate safely is of the utmost importance to us and is a task that the Legislature has entrusted to this Commission. We wish to stress that our jurisdictional public utilities must exercise care in which entities they contract with to perform work, and that we will hold them responsible for any violations caused by their contractors or sub-contractors. In this case, UGI demonstrated a lack of oversight regarding their sub-contractors' training which resulted in a catastrophic loss of property, and the public's safety was placed at risk on an ongoing basis. Based on our review of the incident and alleged violations, the Commission would be well within its discretion to impose a civil penalty of approximately \$370,000. As we understand that it is in the public interest to settle this matter to avoid the expense of litigation, and because of the proactive remediation measures that UGI has agreed to implement in its operational and training procedures, we would instead recommend a payment of \$160,000.

We also believe that the additional payment would be better utilized by directing it to UGI's Operation Share Fuel Fund.¹ Therefore, \$80,000 would be paid as a civil penalty pursuant to 66 Pa. C.S. § 3301 and the additional \$80,000 would be a contribution to Operation Share. Neither payment would be recoverable in base rates and would be in addition to any support already committed to Operation Share by UGI.

¹ This program helps customers who have trouble paying their winter heating bills due to problems such as low or fixed income, unemployment, disability, sudden death or serious injury/illness of the household's main income provider.

Further, we wish to strongly caution UGI and our other jurisdictional utilities that we will monitor safety violations carefully and track any trends in unsafe operational practices. We intend to fully utilize the authority given to us by the Public Utility Code and our Regulations to deter unsafe practices.

Therefore, we move that:

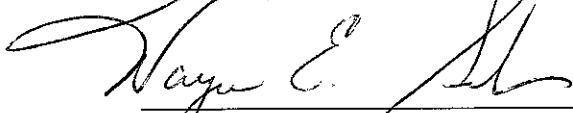
1. The Office of Special Assistants prepare an Opinion and Order consistent with this Motion issuing the Settlement, as revised, for public comment.



Chairman James H. Cawley

September 10, 2009

Date



Commissioner Wayne E. Gardner