

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17105-3265**

**Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement**  
v.  
**PECO Energy Company**

**Public Meeting held May 24, 2012**  
**2205782-OSA**  
**Docket No. M-2011-2205782**

**MOTION OF COMMISSIONER WAYNE E. GARDNER**

Before us today for approval is a Settlement Agreement between the Commission's Bureau of Investigation and Enforcement (Prosecutory Staff) and PECO Energy Company (PECO). This Settlement is the result of an informal investigation<sup>1</sup> conducted by Prosecutory Staff into an incident involving an explosion and fire at a residence in Montgomery County.

On December 24, 2009, a local fire department responded to a call regarding an odor of gas at a residence in Montgomery County. PECO was not informed nor contacted. Two days later on December 26, 2009, there was a low level explosion and fire at the residence. An on-site inspection by the Commission's Gas Safety inspectors determined that the explosion was caused by a complete circumferential crack of the four-inch cast iron main serving structures in the vicinity, including the subject residence. The crack, which was near the joint of the service line, allowed gas to escape into the crawl space of the residence. The day following the explosion and fire, a Commission Gas Safety inspector smelled gas odorant in the area and asked PECO to check for additional leaks. PECO found another leak in the area caused by corrosion and repaired it along with the cracked main.

Had this matter been litigated, Prosecutory Staff would have alleged that PECO failed to: (1) prepare and follow necessary written procedures for responding to an incident; (2) follow its procedures for identifying and classifying leak migration; (3) monitor for external corrosion; (4) document actions taken during the incident; and (5) failed to furnish and maintain adequate, efficient, safe, and reasonable service and facilities in violation of state and federal regulations. Pursuant to the Settlement Agreement, PECO has agreed to re-train its emergency response crews in several measures and pay a civil settlement of \$35,000.<sup>2</sup>

I believe that the nature of the incident and the alleged violations of federal and state gas safety regulations merit a greater penalty. Although there were no injuries, property damage resulting from the incident is estimated to have exceeded \$150,000.

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<sup>1</sup> An informal investigation is a matter initiated by the Commission which may result in a formal complaint, settlement or other resolution. A formal investigation is matter initiated by the Commission that results in a formal record. 52 Pa. Code § 1.8(a).

<sup>2</sup> Based on my review of the incident and alleged violations, if proven, the Commission would be well within its discretion to impose a substantial civil penalty up to \$500,000. 66 Pa.C.S. § 3301(c).

Of particular concern is the fact that PECO was aware of numerous leaks in the area but failed to take steps to remediate the underlying active corrosion problem. Furthermore, PECO failed to follow its procedures for identifying and classifying leak migration. A day after the incident, an undocumented, ungraded leak existed directly in front of the same residence that had just experienced an explosion and fire. Finally, the Company failed to document actions taken during the incident.

The Legislature has entrusted this Commission with the important task of ensuring that our public utilities operate safely. Accordingly, I recommend a civil penalty, rather than a civil settlement, of \$75,000 in this instance which is not to be recovered in base rates. I strongly caution PECO and our other jurisdictional utilities that I will continue to monitor safety violations carefully and to track any trends in unsafe operational practices. I fully intend to utilize the authority given to this Commission by the Public Utility Code and our Regulations to deter unsafe practices.

**THEREFORE, I MOVE THAT:**

The Office of Special Assistants prepare an Opinion and Order consistent with this Motion.

May 24, 2012  
Date

  
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Wayne E. Gardner, Commissioner