

From: Cooke, Michelle
Sent: 6/12/2012 2:00:38 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: RE: UGI cited over safety violations in Allentown gas explosion

Your point?

Michelle

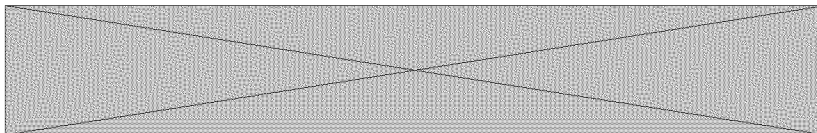
From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Tuesday, June 12, 2012 9:20 AM
To: Cooke, Michelle
Subject: Fw: UGI cited over safety violations in Allentown gas explosion

FYI.

From: Doll, Laura
Sent: Tuesday, June 12, 2012 06:39 AM
To: Cherry, Brian K; Horner, Trina; Ramaiya, Shilpa R; Stavropoulos, Nickolas; Frizzell, Roger; Bottorff, Thomas E; Allen, Meredith; Jacobson, Erik B (RegRel); Yura, Jane
Subject: Fw: UGI cited over safety violations in Allentown gas explosion

Fyi

From: Laura Doll [mailto:lauraringdoll@hotmail.com]
Sent: Tuesday, June 12, 2012 06:23 AM
To: Doll, Laura
Subject: UGI cited over safety violations in Allentown gas explosion



UGI cited over safety violations in Allentown gas explosion

Jun 11 - McClatchy-Tribune Regional News - Scott Kraus The Morning Call, Allentown, Pa.

Pennsylvania Public Utility Commission investigators have cited UGI Utilities for multiple safety violations in connection with the devastating 2011 gas explosion in Allentown, recommending a series of corrective actions and the imposition of a \$386,000 fine on the utility, the maximum allowed by law.

The cause, as suspected, was a leak emanating from a crack in an 83-year-old cast-iron gas distribution line buried beneath Allen Street. The formation of the crack was accelerated by corrosion where the pipe was supported by wooden blocks.

The findings are a result of a 16-month investigation conducted by the PUC in cooperation with UGI Utilities, whose gas lines erupted in the late evening of, 2011, at 13th and Allen streets, flattening eight homes and killing five people.

William Hall, 79, and his wife, Beatrice, 74, Ofelia A. Ben, 69, Katherine Cruz, 16, and 4-month-old Matthew Vega were killed in the explosion.

In prepared statement, UGI said it will respond to the complaint in due course, has spent \$295 million since 1995 to replace infrastructure and has accelerated cast-iron pipeline replacement with a goal of replacing all the old pipes with 20 years.

"UGI knows that it is the company's responsibility to safely deliver natural gas to our customers," the statement said. "We take our responsibility seriously. Our customers and the communities that we serve can be confident that we will continue to commit the resources necessary to ensure a safe and reliable natural gas delivery system"

The PUC's Bureau of Investigation and Enforcement cited UGI for failing to maintain adequate levels of an odorant added to natural gas to help customers detect leaks, failing to react to signs that the aging pipes in the area needed repair, failing to adequately survey its lines in the area and deficiencies in its emergency response in a complaint filed today.

Specifically, the PUC accused UGI of conducting weekly odorant testing at only one point in the city, where gas enters its

Allentown distribution system.

The complaint charges that UGI failed to monitor and recognize "ample warning signs" that it needed to replace cast-iron mains in the area that are subject to corrosion. Those signs included previous explosions in the area and a 1992 warning from the National Transportation and Safety Board.

UGI also failed to act on "distressed pavement on Allen Street, the sinking curb, the excavation activity that took place near the pipe, the corrosion that was noted on the pipe and the pipe's leakage history," the complaint said.

After the explosion, it took UGI five hours to diminish the flow of gas to the area of the blast because of a lack of valves in its low pressure distribution system and failed to close curb valves to still standing homes between 530 and 540 N. 13th Street, even though all but two had gas service, the investigators allege.

In addition to the fine, the PUC investigators recommended that UGI be ordered to:

--Improve monitoring of gas odorant levels throughout its distribution system.

--Conduct continuing surveillance and protect or replace pipe when it has a leakage history, corrosion, evidence of unstable soil or is subject to vibrations from heavy vehicles such as trucks and buses.

--Launch a pipeline replacement program that will replace all cast iron pipe within 10 years, and bare steel pipe within 13 years.

The deadly explosion prompted an outpouring of charity, as local residents and corporations donated nearly \$200,000 to help victims of the explosion and neighbors whose homes sustained damage in the blast.

UGI itself provided \$180,000 in payments to repair damage and paid Allentown \$370,000 to defray emergency response costs.

One of three deadly gas pipeline blasts nationally in recent years, the explosion helped spur passage of an updated federal pipeline safety act through a politically divided Congress.

It also prompted UGI to accelerate the replacement of antiquated cast iron pipeline in Allentown, and helped push state legislation giving utilities the ability to add a separate fee to their customers' bills to speed infrastructure replacement.

Despite that, PUC auditors ripped UGI in May for a lax approach to replacing hundreds of miles of old cast iron and bare steel distribution lines.

UGI will have a chance to respond to the findings or negotiate a settlement detailing changes in procedures, training or equipment.

If the utility and the PUC prosecutors cannot reach a settlement, the case would go before an administrative law judge. The judge's decision could be appealed by either side, giving the PUC's Board of Commissioners the final say.

Relatives of Ben, Cruz and Vega have filed a wrongful death lawsuit against UGI. Family of the Halls settled with UGI last year.

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