

From: Cherry, Brian K  
Sent: 7/26/2013 9:38:50 AM  
To: Paul Clanon (paul.clanon@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: Fwd: Fines Assessed - Pipe Safety

Brian K. Cherry  
PG&E Company  
VP, Regulatory Relations  
77 Beale Street  
San Francisco, CA. 94105  
(415) 973-4977

Begin forwarded message:

**From:** "Rogers, Kyle" <KRogers@aga.org>  
**Date:** July 26, 2013, 9:05:25 AM PDT  
**To:** "acevedoe@coned.com" <acevedoe@coned.com>, "Albertson, Scott E." <Scott.Albertson@Vectren.com>, "Anderson, David" <david.anderson@nwnatural.com>, "annelenzen@alliantenergy.com" <annelenzen@alliantenergy.com>, "anton.kacicnik@enbridge.com" <anton.kacicnik@enbridge.com>, "Arnaout, Mariam" <MArnaout@aga.org>, "atziw@coned.com" <atziw@coned.com>, "banksj@coned.com" <banksj@coned.com>, "barcher@nisource.com" <barcher@nisource.com>, "Batte, Kelly" <kbatte@aga.org>, "bbuckle@aglresources.com" <bbuckle@aglresources.com>, "Binswanger, Lewis M." <Lewis.Binswanger@sourcegas.com>, "bmill@ameren.com" <bmill@ameren.com>, "bmudra@nicor.com" <bmudra@nicor.com>, "bobrien@chpk.com" <bobrien@chpk.com>, "Boutte, Tracie" <tboutte@entergy.com>, "Bryant, Steve" <sbryant@nisource.com>, "Buckley, Paul S." <pbuckley@washgas.com>, "c2m@nwnatural.com" <c2m@nwnatural.com>, "Cannon, Christie" <christie.cannon@pepcoholdings.com>, "Carpenter, David" <david.carpenter@piedmontng.com>, "Carter, Scott" <scarter@aglresources.com>, "catherine\_palazzari@kindermorgan.com" <catherine\_palazzari@kindermorgan.com>, "cathy.hughto-delzer@nationalgrid.com" <cathy.hughto-delzer@nationalgrid.com>, "Chapman, Adrian P." <achapman@washgas.com>, "Charles.Goodwin@nu.com" <Charles.Goodwin@nu.com>, "charrell@coserv.com" <charrell@coserv.com>, "Cherry, Brian" <bkc7@pge.com>, "Christian, Joe" <joe.christian@atmosenergy.com>,

"Christian, Ronald E." <rchristian@vectren.com>, "Christman, Kenneth W." <kchrist@nisource.com>, "christopher.b.clark@xcelenergy.com" <christopher.b.clark@xcelenergy.com>, "Cline, Mike T." <mcline@lacledegas.com>, "collettic@coned.com" <collettic@coned.com>, "Conant, Vickie" <vconant@aga.org>, "conrad.gruber@atmosenergy.com" <conrad.gruber@atmosenergy.com>, "Cooper, Roger" <rogerbarrycooper@gmail.com>, "dacrist@midamerican.com" <dacrist@midamerican.com>, "Dalena, Frederick K." <fdalena@eqt.com>, "Darrell, Mark C." <MDarrell@lacledegas.com>, "Daugherty, Jeffrey" <jeffrey.daugherty@CenterPointEnergy.com>, "david.crisp@oneok.com" <david.crisp@oneok.com>, "david.dittemore@oneok.com" <david.dittemore@oneok.com>, "david.kearney@richmondgov.com" <david.kearney@richmondgov.com>, "dcmunns@midamerican.com" <dcmunns@midamerican.com>, "dcreekmur@nisource.com" <dcreekmur@nisource.com>, "DeBoer, Tom" <tom.deboer@pse.com>, "DeCarolis, Donna L." <decarolis@natfuel.com>, "deegelhoff@integrysgroup.com" <deegelhoff@integrysgroup.com>, "dgray@equitablegas.com" <dgray@equitablegas.com>, "dick.webster@peco-energy.com" <dick.webster@peco-energy.com>, "Dieckgraeff, Daniel" <dan.dieckgraeff@enstarnaturalgas.com>, "djeanes@mlgw.org" <djeanes@mlgw.org>, "don.wathen@dukeenergy.com" <don.wathen@dukeenergy.com>, "Downing Jr, G. Edgar" <edowning@mobile-gas.com>, "dscalf@oneok.com" <dscalf@oneok.com>, "Duckman (Smith), Ashley" <ADuckman@aga.org>, "eric.nelsen@sourcegas.com" <eric.nelsen@sourcegas.com>, "feingoldra@bv.com" <feingoldra@bv.com>, "Ferro, Joseph A." <jferro@nisource.com>, "Floyd, Kandi" <kfloyd@tecoenergy.com>, "FORD, DANIEL" <dford@mobile-gas.com>, "Fox, Carol" <mcfox@nisource.com>, "frederick.burke@richmondgov.com" <frederick.burke@richmondgov.com>, "fshambo@nisource.com" <fshambo@nisource.com>, "Gainer, James" <james.gainer@duke-energy.com>, "Gallo, Debra" <debra.Gallo@swgas.com>, "Gant, Paula" <PGant@aga.org>, "garret.senger@mdu.com" <garret.senger@mdu.com>, "gbollom@mge.com" <gbollom@mge.com>, "gbunt@cenhud.com" <gbunt@cenhud.com>, "Grimard, Wraye" <wgrimard@tecoenergy.com>, "gsuggett@ameren.com" <gsuggett@ameren.com>, "Hall, Heather" <heather.hall@pepcoholdings.com>, "hamiller@nisource.com" <hamiller@nisource.com>, "Hanley, Frank" <fhanley@ausinc.com>, "Harder, Charles J." <chuck.harder@CenterPointEnergy.com>, "Henthorne, Jed" <Jhenthorne@ewst.com>, "Hershey, Steven" <steven.hershey@pgworks.com>, "Hester, John" <john.hester@swgas.com>, "Hewitt, Anthony D." <hewittad@gru.com>, "Hoffman, Timothy" <tahoffman@cmsenergy.com>, "Homan, Mary" <mary.homan@nmgco.com>, "Janet.Palmer@nu.com" <Janet.Palmer@nu.com>, "Jay.Fletcher@nu.com" <Jay.Fletcher@nu.com>, "jclaybourn@vectren.com" <jclaybourn@vectren.com>, "Jennifer.Feinstein@nationalgrid.com" <Jennifer.Feinstein@nationalgrid.com>, "Jennings, Glenn R." <gjennings@deltagas.com>, "jerosebrock@vectren.com"

<jerosebrock@vectren.com>, "jerrad.hammer@sourcegas.com"  
<jerrad.hammer@sourcegas.com>, "jmcoop@nisource.com"  
<jmcoop@nisource.com>, "JoelSchmidt@alliantenergy.com"  
<JoelSchmidt@alliantenergy.com>, "john.fernald@nmgco.com"  
<john.fernald@nmgco.com>, "john\_roscher@transcanada.com"  
<john\_roscher@transcanada.com>, "Johnson, Ken S."  
<ken.s.johnson@pse.com>, "jstanzola@sjindustries.com"  
<jstanzola@sjindustries.com>, "justin.brown@swgas.com"  
<justin.brown@swgas.com>, "jvoiles@ameren.com" <jvoiles@ameren.com>,  
"kbolewa@entergy.com" <kbolewa@entergy.com>,  
"kenneth.dybalski@pgworks.com" <kenneth.dybalski@pgworks.com>,  
"Kessinger, Sonya" <sonyakessinger@alliantenergy.com>,  
"kevin.mcgowan@pepcoholdings.com"  
<kevin.mcgowan@pepcoholdings.com>, "kirschbaumk@coned.com"  
<kirschbaumk@coned.com>, "Krueger, John" <jkrueger@mge.com>,  
"lamoore@spectraenergy.com" <lamoore@spectraenergy.com>, "Lee, Dale"  
<dale\_lee@rgcresources.com>, "lenzm@coned.com" <lenzm@coned.com>,  
"Levander, Carl W." <clevander@nisource.com>, "Lieberkowsky, Amy A."  
<amy.a.lieberkowsky@xcelenergy.com>, "Lisa.Thibdaue@nu.com"  
<Lisa.Thibdaue@nu.com>, "lonnie.bellar@lge-ku.com" <lonnie.bellar@lge-ku.com>,  
"lpleus@lacledegas.com" <lpleus@lacledegas.com>,  
"lprentice@CitizensEnergyGroup.com"  
<lprentice@CitizensEnergyGroup.com>, "mabelle.f.grim@dom.com"  
<mabelle.f.grim@dom.com>, "Madsen, Erik"  
<ErikMadsen@alliantenergy.com>, "maria.hogan@pgworks.com"  
<maria.hogan@pgworks.com>, "mark.martin@atmosenergy.com"  
<mark.martin@atmosenergy.com>, "mark.thompson@nwnatural.com"  
<mark.thompson@nwnatural.com>, "Martin, Michael J."  
<mmartin@nisource.com>, "mary.coleman@nationalgrid.com"  
<mary.coleman@nationalgrid.com>, "matorrey@cmsenergy.com"  
<matorrey@cmsenergy.com>, "matthew.greene@sourcegas.com"  
<matthew.greene@sourcegas.com>, "McCullough, John W."  
<jmccullough@mlgw.org>, "McIntyre, Bernice K."  
<bmcintyre@washgas.com>, "McKay, Barrie" <Barrie.McKay@questar.com>,  
"McTaggart, Stacey" <smctaggart@txgas.com>, "Meinl, Eric"  
<meinle@natfuel.com>, "melanie.bayley@atcogas.com"  
<melanie.bayley@atcogas.com>, "michael.cloyd@exeloncorp.com"  
<michael.cloyd@exeloncorp.com>, "michael.parvinen@cngc.com"  
<michael.parvinen@cngc.com>, "Mike.McGrath@intgas.com"  
<Mike.McGrath@intgas.com>, "Miller, Russell" <rmiller@corninggas.com>,  
"mkempic@nisource.com" <mkempic@nisource.com>,  
"mmoscufo@njresources.com" <mmoscufo@njresources.com>,  
"mmosher@cenhud.com" <mmosher@cenhud.com>, "Moore, Bill (Delmarva  
Power)" <bill.moore@pepcoholdings.com>, "Moore, Sheri"  
<sheri.moore@centerpointenergy.com>, "MORROW, Mark C."  
<morrowm@ugicorp.com>, "mpendergast@lacledegas.com"

<mpendergast@lacledegas.com>, "mquinn@vectren.com"  
<mquinn@vectren.com>, "msperduto@njresources.com"  
<msperduto@njresources.com>, "Murphy, Jeffery" <Jeff.Murphy@dom.com>,  
"Murphy, Rick" <RMurphy@aga.org>, "nachmiass@coned.com"  
<nachmiass@coned.com>, "ngczachura@midamerican.com"  
<ngczachura@midamerican.com>, "njmcken@agutl.com"  
<njmcken@agutl.com>, "Noack, Mike" <mike.noack@sug.com>,  
"norm.ryckman@enbridge.com" <norm.ryckman@enbridge.com>,  
"NSoliz@cpsenergy.com" <NSoliz@cpsenergy.com>, "O'Leary, Kathleen"  
<koleary@nisource.com>, "Partridge, Jack" <jpartridge@nisource.com>,  
"paul.gastineau@centerpointenergy.com"  
<paul.gastineau@centerpointenergy.com>, "pcasey@nisource.com"  
<pcasey@nisource.com>, "pdion@tep.com" <pdion@tep.com>,  
"peggy.sorum@centerpointenergy.com"  
<peggy.sorum@centerpointenergy.com>, "Petrichevich, Lynda W."  
<Lynda.w.petrichevich@peoples-gas.com>, "Powers, Pia"  
<Pia.Powers@piedmontng.com>, "Quinn, J." <jquinn@equitablegas.com>,  
"Rasche, Steve" <SRasche@lacledegas.com>, "rbeard@ugi.com"  
<rbeard@ugi.com>, "rcencini@nisource.com" <rcencini@nisource.com>,  
"rcleek@mlgw.org" <rclleek@mlgw.org>, "rebecca.carter@nmgco.com"  
<rebecca.carter@nmgco.com>, "Reck, Donald"  
<donald.reck@xcelenergy.com>, "Reville, Michael W."  
<revillem@natfuel.com>, "rich.schlesinger@exeloncorp.com"  
<rich.schlesinger@exeloncorp.com>, "Richter, Marc" <richterm@coned.com>,  
"Robert.Bourne@nu.com" <Robert.Bourne@nu.com>, "robert.conroy@lge-ku.com"  
<robert.conroy@lge-ku.com>, "robert.garvin@we-energies.com"  
<robert.garvin@we-energies.com>, "robert.hudson@nmgco.com"  
<robert.hudson@nmgco.com>, "Rogers, Kyle" <KRogers@aga.org>,  
"rprince@semprautilities.com" <rprince@semprautilities.com>,  
"ruddenrj@bv.com" <ruddenrj@bv.com>, "rwilcox@washgas.com"  
<rwilcox@washgas.com>, "rynearsonp@dteenergy.com"  
<rynearsonp@dteenergy.com>, "Sagum, Stanley J." <ssagun@nisource.com>,  
"sanderson@nisource.com" <sanderson@nisource.com>, "Sandy, Larry"  
<larry.sandy@we-energies.com>, "saudette@gazmetro.com"  
<saudette@gazmetro.com>, "schaina@coned.com" <schaina@coned.com>,  
"scocchi@sjindustries.com" <scocchi@sjindustries.com>,  
"scott.doyle@centerpointenergy.com" <scott.doyle@centerpointenergy.com>,  
"scottsmith@alliantenergy.com" <scottsmith@alliantenergy.com>, "Senter, Bill"  
<bill.senter@atmosenergy.com>, "Sikora, Beverly"  
<Beverly.A.Sikora@bge.com>, "Simollardes, Eileen M."  
<esimollardes@vermontgas.com>, "Sinclair, Brooke A."  
<Brooke.Sinclair@KUB.org>, "skeith@empiredistrict.com"  
<skeith@empiredistrict.com>, "skelly@vectren.com" <skelly@vectren.com>,  
"smirus@aogc.com" <smirus@aogc.com>, "sstoll@nisource.com"  
<sstoll@nisource.com>, "Stanczak, Donald" <stanczakd@dteenergy.com>,  
"Stephen.Gibelli@nu.com" <Stephen.Gibelli@nu.com>,

"stephen.swetz@pseg.com" <stephen.swetz@pseg.com>,  
"steve.jurek@blackhillscorp.com" <steve.jurek@blackhillscorp.com>, "Stewart,  
Amy W." <astewart@energen.com>, "Surface, Suzanne K."  
<ssurface@nisource.com>, "Swann, Sue" <SSwann@aga.org>, "Szykman,  
Paul" <pszykman@ugi.com>, "Tabor, Christine"  
<christine.tabor@atmosenergy.com>, "Terranova, Peter G."  
<pterranova@ugies.com>, "tgaridas@integrysgroup.com"  
<tgaridas@integrysgroup.com>, "Thayer, Tracey" <tthayer@njng.com>,  
"Therrien, Gregg" <gtherrien@ctgcorp.com>, "Tietbohl, Jeffrey R."  
<Jtietbohl@chpk.com>, "tnhc@pge.com" <tnhc@pge.com>,  
"tom.connelly@semcoenergy.com" <tom.connelly@semcoenergy.com>,  
"Trebino, Tina" <ttrebino@njng.com>, "trey@missourienergy.org"  
<trey@missourienergy.org>, "Troxle, Mathew"  
<matthew.troxle@centerpointenergy.com>, "tward@washgas.com"  
<tward@washgas.com>, "Vicki.H.Friscic@dom.com"  
<Vicki.H.Friscic@dom.com>, "Wagner, James B." <jwagner@washgas.com>,  
"Wall, Keith" <keith.wall@centerpointenergy.com>, "Warrington, Charles S."  
<chuck.warrington@clearwatargas.com>, "Wathen, Marck"  
<mack.wathen@pepcoholdings.com>, "Weaver, David"  
<dweaver@agresources.com>, "Wood, Andrew G." <wooda@coned.com>,  
"Woodruff, J.D." <dwoodruff@energen.com>  
**Cc:** "Duckman (Smith), Ashley" <ADuckman@aga.org>  
**Subject: Fines Assessed - Pipe Safety**

TO: State Affairs Committee

RE: Fines -- Pipeline Safety

Below is a press statement issued yesterday by the Indiana Utility Regulatory Commission assessing fines on three natural gas utilities for "failures by each operator to follow procedures and keep accurate maps and records of their underground facilities".

Please let me know if your company has received any such fine, or if you are hearing rumors of your commission taking similar action. I am looking to see if this might become a trend.

IURC News Release  
Indiana Utility Regulatory Commission  
101 W. Washington St.  
Suite 1500 E.  
Indianapolis, IN 46204  
For Immediate Release  
July 25, 2013

Contact Information:

Danielle McGrath | (317) 232-2297

IURC Seeks \$180,000 in Penalties for Major Operators' Pipeline Safety Violations

Citizens Gas, Northern Indiana Public Service Company and Vectren on Notice

INDIANAPOLIS- Today the Indiana Utility Regulatory Commission's (IURC) Pipeline Safety Division notified three major natural gas utilities – Citizens Gas, Northern Indiana Public Service Company (NIPSCO), and Vectren – of multiple pipeline safety violations and \$180,000 proposed in total penalties.

“The explosion that occurred in San Bruno, California was a tragic wake up call,” said IURC Chairman Jim Atterholt. “The Commission will continue to do everything in its power to be vigilant in enforcing current pipeline safety standards.”

The IURC's Pipeline Safety Division has jurisdiction over intrastate pipelines operated and maintained by these companies. It is the division's charge to ensure compliance with the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration's rules and regulations. If a violation is identified, the Pipeline Safety Division investigates the matter and may request penalties based on the infraction.

The violations and respective penalties for each operator are identified below:

Operator  
Name  
Noticed  
Violations  
Proposed  
Penalty

Citizens Gas

Failure to follow written procedures – 49 CFR § 192.605  
\$30,000

NIPSCO

Failure to follow written procedures – 49 CFR § 192.605  
\$55,000

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Failure to keep accurate records – 49 CFR § 192.603 and 170 IAC 5-3-2  
\$20,000

Vectren

Failure to follow written procedures – 49 CFR § 192.605  
\$40,000

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Failure to keep accurate records – 49 CFR § 192.603 and 170 IAC 5-3-2  
\$35,000

The violations are failures by each operator to follow procedures and keep accurate maps and records of their underground facilities. Further, these failures resulted in either mislocating or not locating pipelines in accordance with Indiana’s “Call Before You Dig” laws. Properly responding to and locating pipelines is absolutely critical to avoiding property damage and personal injury, potentially resulting from natural gas explosions.

In addition to a monetary fine, each operator is also subject to additional compliance actions. The penalties and recommended actions vary by operator due to the number of instances and the severity of the probable violations.

Before the said penalties go into effect, the operators will have an opportunity to contest the violations and proposed penalties in a hearing before the IURC. In lieu of a hearing, the operator may accept the proposed penalty and take necessary action in order to be compliant with both federal and state rules.

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The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.

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Danielle McGrath, APR  
Executive Director of External Affairs

Indiana Utility Regulatory Commission  
101 West Washington Street, Suite 1500 East  
Indianapolis, IN 46204

Thanks,

Kyle