

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 22, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Office of the General Counsel (Corbari, Lherisson) *SLC*
Division of Accounting and Finance (Mouring) *BT M cm for KY*
Office of Auditing and Performance Analysis (Lehmann, Vinson) *CSB CW*
Division of Economics (Draper) *EDD*
Division of Engineering (Ballinger, Moses) *OS*

RE: Docket No. 150259-GU – Initiation of show cause proceedings against Peoples Gas System for apparent violations of Sections 368.01 - 05, F.S., and Chapter 25-12, F.A.C.

AGENDA: 05/05/16 – Regular Agenda – Show Cause – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Pursuant to Chapter 368 – Part 1, Florida Statutes (F.S.),¹ (Gas Safety Law), and the United States Gas Pipeline Statute,² the Florida Public Service Commission (Commission) is charged with establishing, administering and enforcing the rules and regulations governing safety standards of any entity “engaged in the operation of gas transmission or distribution facilities” in the State of Florida.³ Chapter 25-12, Florida Administrative Code (F.A.C.), prescribes the various safety standards, rules and regulations adopted by the Commission, including the Minimum Federal Safety Standards and reporting requirements prescribed by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA),⁴ that govern entities engaged in the operation of gas transmission or distribution facilities in Florida. Any person or entity who violates any rule or regulation adopted by the Commission under the Gas Safety Law is subject to a civil penalty of up to “\$25,000 for each violation for each day the violation persists,” or a maximum penalty of “\$500,000 for any related series of violations.”⁵ In addition, the Commission may initiate an action for an injunction in any state court to compel the observance of the Gas Safety Law, or “any rule, regulation or requirement of the [C]ommission made thereunder.”⁶

Commission Gas Safety Inspection Process

Pursuant to 49 U.S.C. §§ 60105-60106, the Commission is certified by PHMSA to inspect natural gas systems, and to administer and enforce the rules and regulations governing safety standards of any entity engaged in operating gas transmission or distribution facilities in Florida. Commission safety engineering field inspectors must perform gas transmission and distribution safety inspections of gas entities operating in Florida at various prescribed intervals.

Commission field inspectors use various PHMSA and Commission forms when performing inspections in order to verify, for example, that the operator’s records, procedures, personnel qualifications and pipeline systems are in compliance with prescribed regulations. Once the field inspector completes an inspection, the inspector submits the completed forms to the Commission’s Bureau of Safety Chief with a memorandum outlining any apparent rule violation(s) observed during the inspection and the inspector’s reason(s) for recommending that a violation be issued to the utility.⁷ The Chief reviews the results of the inspection, the inspector’s comments on any apparent violation observed, and any applicable safety rules and regulations.

¹ Sections 368.01-.061, F.S., (“The Gas Safety Law of 1967”).

² 49 U.S.C. §§60105-60106 (2006) (governing State Pipeline Safety Program certifications and agreements).

³ Section 368.05(1), F.S.; see also,

http://primis.phmsa.dot.gov/comm/FactSheets/States/FL_State_PL_Safety_Regulatory_Fact_Sheet.htm?nocache=1609.

⁴ Rule 25-12.005, F.A.C.

⁵ Section 368.061(1), F.S.

⁶ Id. at subsection (3).

⁷ “Utility” as used in this section, means any entity engaged in operating gas transmission or distribution facilities in Florida.

If the Chief concurs with the findings detailed in the field inspector's report, the Chief issues a letter to an official of the utility with the inspection results, including any apparent rule violation observed during the system inspection. The Chief's letter is emailed to the utility official, along with the field inspector's memorandum and completed forms.

If any rule violation was observed during a field inspection, the utility is given 30 days to respond to the Chief's letter. The utility's response must identify what action has been, or is being taken, to remedy any apparent violation observed or state the reason(s) the utility disputes the violation. Once the utility notifies the Chief that the apparent violation has been remedied, the Commission field inspector will verify that the apparent violation was corrected and issue a closure memorandum to the Chief. A letter is then issued by the Chief to the utility closing the apparent violation.

Peoples Gas Systems

Peoples Gas Systems (PGS or Company) is a public utility as defined by §366.02, F.S., and subject to the regulatory jurisdiction of the Commission under Chapter 366, F.S., regarding rates and service, and under the Gas Safety Law on safety issues. PGS operates the largest natural gas distribution system in Florida. Headquartered in Tampa, Florida, PGS sells and transports natural gas to approximately 345,000 residential, commercial and industrial customers in 25 counties throughout Florida, which are separated into 14 geographic divisions. Under the administrative and operational control of its 14 divisions, PGS owns, operates, and/or maintains a system of approximately 12,500 miles of distribution mains and 160 miles of transmission lines and operates approximately 1,250 regulator stations and 80 gate stations.⁸

Each PGS division, and 7 transmission pipelines operated by PGS, are subject to inspection by Commission safety engineering field inspectors, resulting in the possibility of at least 21 separate Commission field inspections a year. The Company's distribution and transmission integrity management plans and other required plans are also periodically inspected by Commission field inspectors.

PGS Compliance History (2013 – 2015)

Based on numerous safety and compliance deficiencies identified by the Commission's Bureau of Safety, the Commission initiated a management audit of PGS in 2013 to review and examine the processes, systems, and internal controls used by PGS to perform inspections of its distribution facilities. The purpose of the audit was to assess the Company's compliance with Commission and PHMSA's rules and regulations and to determine the adequacy of the Company's management oversight of compliance issues. In September 2013, the Commission published the results of the audit titled a "Review of Peoples Gas Distribution Facility Inspections" (2013 Audit).⁹ The 2013 Audit found that between 2010 and 2013:

⁸ A gate station is a point of interconnection between the utility's facilities and the facilities of interstate or intrastate natural gas pipelines.

⁹ FPSC "Review of Peoples Gas Distribution Facility Inspections – September 2013," <http://www.floridapsc.com/Files/PDF/Publications/Reports/General/Electricgas/PeoplesGas2013.pdf>.

- (1) PGS failed to timely complete inspections;
- (2) PGS failed to comply with Commission rules;
- (3) PGS' Management had knowledge of noncompliance;
- (4) PGS' lack of oversight of and attention to compliance inspection reviews permitted detected compliance deficiencies to develop and persist;
- (5) PGS' inadequate record-keeping and internal planning systems permitted compliance deficiencies to develop and persist; and
- (6) PGS acknowledged the magnitude of its compliance deficiencies.¹⁰

In response to the 2013 Audit, PGS developed a corrective action plan to address its compliance deficiencies and adopted organizational and operational changes in order to better address its compliance deficiencies.¹¹

In June 2015, a review of PGS operations, including recent field and record inspections, conducted by Commission field inspectors, indicated that PGS continued to have safety and compliance deficiencies. The field inspections observed repeat violations of many of the rules identified in the 2013 Audit, not only in the Company's Tampa and St. Petersburg Divisions, but in its other divisions across Florida.¹²

In July 2015, Commission executive staff met with PGS representatives to discuss the Company's ongoing safety and compliance deficiencies and the possibility of enforcement action by the Commission. Immediately following the July meeting, Commission audit staff initiated a follow-up audit of the Company's system to assess the adequacy and effectiveness of the Company's response to the 2013 Audit and corrective actions taken by PGS since the 2013 Audit.

The Commission published the results of the follow-up audit titled "Peoples Gas System Distribution Facility Inspections Follow-up Audit" (2015 Audit) in November 2015.¹³ The Commission's 2015 Audit found that:

- (1) PGS failed to complete leak surveys timely as required by Rule 25-12.040, F.A.C., during the period October 2013 through September 2015;
- (2) PGS management-level employees failed to maintain and document adequate awareness of, and accountability for, required inspection activities during 2014 and 2015, creating an opportunity for inspection results to be falsified and remain undetected;
- (3) PGS failed to achieve the intended full use and benefits of the GL Essentials¹⁴ system by September 2015;

¹⁰ 2013 Audit, p. 3-4.

¹¹ 2013 Audit, p. 15-29, "PGS Response to Commission Audit Findings," and p. 37-44, Appendix 3 "PGS Initial Corrective Action Plans for Tampa and St. Petersburg Divisions."

¹² Although the Commission's 2013 Audit was limited to the PGS Tampa and St. Petersburg Divisions, Commission audit staff noted that most of the Company's internal procedures, practices and controls examined and described in the Audit applied statewide. See 2013 Audit, p. 1.

¹³ FPSC "Peoples Gas Distribution Facility Inspections Follow-up Audit – November 2015,"

http://www.floridapsc.com/Files/PDF/Publications/Reports/General/Electricgas/PGS_follow-up_audit.pdf.

¹⁴ GL Essentials is a real-time electronic management tracking system for monitoring all PGS inspection activities such as leak and atmospheric surveys, cathodic protection, and regulator and valve inspections.

- (4) PGS reduced the value and effectiveness of its Division Compliance Reviews as a result of changes made during 2014 and 2015 to the scope, content and structure of the reviews; and
- (5) TECO Energy Audit Services failed to play a sufficient role in auditing PGS operations.¹⁵

The results of the 2015 Audit demonstrated that PGS continued to have serious safety and compliance deficiencies after the 2013 Audit and did not adequately address the compliance deficiencies outlined in its corrective action plan submitted to the Commission in response to the 2013 Audit. The 2015 Audit found that PGS compliance initiatives following the 2013 Audit appropriately targeted the greatest needs for improvement and made some progress. However, the 2015 Audit also found that substantial additional efforts were needed to accomplish a change in culture and practices within the Company to fully support compliance with state and federal safety regulations.¹⁶ Finally, the 2015 Audit noted that additional monitoring by the Commission was necessary to confirm that such changes were accomplished.

OPC Petition¹⁷

On December 7, 2015, the Office of the Public Counsel (OPC) filed a petition with the Commission, requesting that the Commission issue an order to show cause against PGS for violations of Chapter 25-12, F.A.C., impose fines, and order rate relief. OPC based its Petition largely on the results of the two Commission audits of the PGS distribution facilities in 2013 and 2015.

PGS Response to OPC Petition¹⁸

On December 18, 2015, PGS filed a Response to OPC's petition. PGS acknowledged that the Commission's 2013 audit disclosed violations of Commission rules and areas in which PGS needed improvement to address compliance. PGS also affirmed that the Company would fully cooperate with OPC and the Commission to resolve its compliance issues and would continue to work to improve and update its programs, processes and controls to instill a culture of safety in its team members.

Initiation of Show Cause Proceeding

On February 10, 2016, an informal meeting was held between Commission staff, OPC, and PGS representatives to discuss the scope of the docket, which included 172 violations cited by the Commission between June 1, 2013 and December 31, 2015. PGS did not dispute 140 of the violations. At the meeting, PGS presented comments on 32 violations that PGS did not merit finable violations. After reviewing the violations, the applicable rules, and the information presented by PGS, staff removed 16 of the 32 violations disputed by PGS for the purposes of assessing penalties only.

¹⁵ 2015 Audit, p. 3-5.

¹⁶ Id., p. 3.

¹⁷ Document No. 07756-15.

¹⁸ Document No. 07838-15.

On February 25, 2016, staff issued a Notice of Violation and Initiation of Show Cause Proceeding to PGS for 156 apparent violations of Section 368.01-05, F.S., and Chapter 25-12, F.A.C.¹⁹ In addition, Commission Executive Director and Deputy General Counsel filed a memorandum in the docket to change the title of the docket²⁰ and designate non-executive staff as “prosecutorial” and “advisory” pursuant to Cherry Commun. v. Deason, 652 So. 2d 803 (Fla. 1995).²¹ Although not procedurally required at the time, the staff designation was implemented at the request of PGS and OPC in an effort to foster settlement negotiations.

Settlement

In early April 2016, PGS, OPC and Commission prosecutorial staff met to negotiate a possible settlement of the issues this docket. On April 18, 2016, PGS filed a proposed Settlement Agreement, in which Commission prosecutorial staff and OPC joined, in an effort to fully resolve all matters in this docket.

This recommendation addresses the Settlement Agreement proffered by PGS, OPC and Commission prosecutorial staff. A copy of the Settlement Agreement is attached hereto as Attachment “A.”

The Commission is vested with jurisdiction in this matter pursuant to Sections 368.01-.061, F.S.

¹⁹ Document No. 01019-16.

²⁰ Docket initially captioned as In Re: Petition Requesting the Florida Public Service Commission to Issue an Order to Show Cause Against Peoples Gas System for Violations of Chapter 25-12, F.A.C., Request for Imposition of Fines, and Request for Rate Relief.

²¹ Document No. 01024-16.

Discussion of Issues

Issue 1: Should the Commission approve the proposed Settlement Agreement to resolve Peoples Gas Systems' apparent violations of Sections 368.01-.05, F.S., and Chapter 25-12, F.A.C., and all claims set forth in the petition filed by OPC in this docket?

Recommendation: Yes. The settlement Agreement provides a reasonable resolution of the outstanding issues in the docket. Staff recommends that the Settlement Agreement is in the public interest and promotes administrative efficiency. Therefore, the Commission should approve the Settlement Agreement to resolve Peoples Gas Systems' apparent violations of Sections 368.01-.05, F.S., and Chapter 25-12, F.A.C., that occurred between June 1, 2013 and December 31, 2015, including any alleged violations of reasonably related rules or standards outlined in Appendix A of the Settlement Agreement that may have occurred up to the date the Settlement Agreement takes effect, and all claims set forth in the petition filed by OPC in this docket. (Corbari, Lherisson, Ballinger, Moses, Lehmann, Vinson, Draper, Mouring)

Staff Analysis:

The goal of any show cause proceeding is to ensure compliance with applicable law and Commission rules and orders. Pursuant to Section 368.061(1), F.S., the Commission is authorized to impose upon any entity subject to its jurisdiction a civil penalty of up to "\$25,000 for each violation for each day the violation persists," or a maximum penalty of "\$500,000 for any related series of violations," if such entity is found to have refused to comply with or to have willfully violated a rule or regulation adopted by the Commission under the Gas Safety Law. In addition, pursuant to Section 368.061(2), F.S., the Commission may consider a proposal addressing an appropriate amount of penalties for violations of gas safety rules and statutes.

On April 18, 2016, PGS filed a proposed Settlement Agreement, in which Commission prosecutorial staff and OPC joined. The Settlement Agreement resolves: (1) the Company's apparent violations of Sections 368.01-.05, F.S., and Chapter 25-12, F.A.C., that occurred between June 1, 2013 and December 31, 2015, including any alleged violations of reasonably related rules or standards outlined in Appendix A of the Settlement Agreement that may have occurred up to the date the Settlement Agreement takes effect; and (2) all claims set forth in the petition filed by OPC in this docket. The provisions of the Settlement Agreement are contingent upon approval by the Commission in its entirety, without modification. Highlights of the attached Settlement Agreement are outlined below.

- PGS will admit the 140 violations of Sections 368.01-.05, F.S., and Chapter 25-12, F.A.C., cited by Commission field inspectors between June 2013 and December 31, 2015.²²

²² As part of the Settlement Agreement, Commission prosecutorial staff agreed to recede from the 16 violations not previously stricken by staff following the February 10, 2016, meeting for the purposes of assessing penalties only.

- PGS will submit a one-time penalty payment in the amount of \$1,000,000 to the Commission, pursuant to Section 368.061(1), F.S., within 30 days of the Commission's approval of the Settlement Agreement. Upon receipt, the Commission will forward the payment to the General Revenue Fund.
- PGS will implement a one-time credit of \$2,000,000 to its Cast Iron/Bare Steel Replacement Rider (Rider CI/BSR). Customers subject to the Rider CI/BSR monthly surcharges will experience the benefit of the credit through a reduction of the Company's 2017 Rider CI/BSR monthly surcharges.
- PGS will take action to ensure its managers, employees and contractors understand the high priority placed by the Company upon safety and facilities inspection compliance, and a zero tolerance policy toward falsification of records; and, if necessary, take appropriate actions (including, but not limited to, the reassignment of employees) to help ensure effective safety and regulatory compliance.
- By December 31, 2016, PGS will develop a plan and timetable for implementing internal controls improvements and audits that PGS and/or TECO Audit Services (AS) determines are needed as a result of the KPMG/AS investigation report, and submit such plan to Commission staff for review.
- TECO AS will actively participate and/or oversee any needed audits and implementation of the Settlement Agreement requirements, and make regular reports to the Board of Directors Audit Committee (or a successor thereto) regarding the overall effectiveness of the PGS compliance program and implementation of the Settlement Agreement requirements.
- PGS will reinstitute the annual pipeline safety compliance reviews conducted by the Company between 2009 and 2013, and TECO AS (or a qualified person or department independent of PGS Gas Delivery) will conduct and document regular reviews of the compliance review results.
- PGS will implement the use of GL Essentials by all contractors conducting facilities inspections by December 31, 2016 and closely monitor the use of GL Essentials by employees and contractors to identify and address any training needs.
- PGS will not recover from PGS customers certain incremental costs incurred as a result of implementing certain corrective measures identified in the Settlement Agreement, including but not limited to the costs associated with the KPMG/AS investigation.
- Certain PGS obligations required by the Settlement Agreement will terminate 4 years after the date of the Commission's order approving the Settlement Agreement. PGS will continue to be responsible for complying with all Commission and PHMSA safety rules following the expiration of the Settlement Agreement term.

As stated above, the Commission may consider a proposal addressing an appropriate amount of penalties for violations of gas safety rules and statutes, pursuant to Section 368.061(2), F.S. In considering such a proposal, the Commission must consider the appropriateness of such penalty to the size of the company charged, the gravity of the violation, and the good faith of the company charged in attempting to achieve compliance after notification of a violation.²³ Staff recommends that the Settlement Agreement is reasonable under Section 368.061(2), F.S. The \$3,000,000 total monetary component of the Settlement Agreement, along with the additional compliance obligations, sends a strong signal not only to PGS, the largest natural gas utility and distribution system in Florida, but to all natural gas systems in Florida that compliance with gas safety rules and regulations is of paramount importance and that violations of safety rules and regulations will be enforced by this Commission. Moreover, PGS has been cooperative and transparent in working to achieve a resolution of its safety compliance issues, and has committed to continue to work to improve its safety programs, processes and controls.

In addition, the goal of any show cause proceeding is to ensure compliance with applicable law and Commission rules and orders. Staff recommends that the Settlement Agreement accomplishes this goal and provides a remedy for past violations. Staff believes that, taken in its entirety, the Settlement Agreement provides a reasonable resolution of the outstanding issues in Docket No. 150259-GU. Staff further believes that the Commission's approval of the Settlement Agreement is in the public interest, as the Settlement Agreement addresses the Company's compliance deficiencies and provides for future compliance with Commission statutes and rules. Finally, staff believes that Commission approval of the Settlement Agreement promotes administrative efficiency and avoids the time and expense of a hearing.

Therefore, staff recommends that the Commission approve the Settlement Agreement proffered by Peoples Gas Systems, OPC and Commission prosecutorial staff to resolve the Company's apparent violations of Sections 368.01-.05, F.S., and Chapter 25-12, F.A.C., that occurred between June 1, 2013 and December 31, 2015, including any alleged violations of reasonably related rules or standards outlined in Appendix A of the Settlement Agreement that may have occurred up to the date the Settlement Agreement takes effect, and all claims set forth in the petition filed by OPC in this docket.

²³ Section 368.061(2), F.S.

Issue 2: Should the docket be closed?

Recommendation: No. If the Commission approves staff's recommendation in Issue 1, then the docket may be closed administratively upon receipt of Peoples Gas Systems petition for approval of its 2017 Rider CI/BSR monthly surcharges, demonstrating its implementation of the \$2,000,000 one-time credit and receipt of the \$1,000,000 penalty payment. Should Peoples Gas Systems fail to comply with any of the terms of the proposed Settlement Agreement, staff requests that the Commission authorize the Office of the General Counsel to pursue all reasonable means necessary to enforce the terms of the Settlement Agreement, including any Commission Order approving same, pursuant to Sections 120.69 and 368.061, F.S., including, but not limited to, initiating an action in circuit court. (Corbari, Lherisson)

Staff Analysis:

If the Commission approves staff's recommendation in Issue 1, then:

- (1) Peoples Gas Systems shall submit a penalty payment in the amount of \$1,000,000 to the Commission within 30 days of the Commission approving the Settlement Agreement;
- (2) Upon receipt of the penalty, the Commission shall forward the payment to the Department of Financial Services for deposit into the General Revenue Fund;
- (3) Peoples Gas Systems shall issue a one-time credit in the amount of \$2,000,000 to customers subject to its Cast Iron/Bare Steel Replacement Rider (Rider CI/BSR) to reflect O&M savings within Rider CI/BSR in the month following the Commission's approval of this Settlement Agreement;
- (4) Peoples Gas Systems shall clearly identify the inclusion of the \$2,000,000 one-time credit in its 2016 Rider CI/BSR petition for approval of its 2017 Rider CI/BSR monthly surcharges;
- (5) Peoples Gas Systems shall include, and clearly identify, schedules concurrently with the Company's 2017 petition for approval of its 2018 Rider CI/BSR surcharges to verify that the Company issued the one-time credit; and
- (6) The Office of Public Counsel's petition shall be dismissed.

Upon receipt of Peoples Gas Systems petition for approval of its 2017 Rider CI/BSR monthly surcharges, demonstrating its implementation of the \$2,000,000 one-time credit and receipt of the \$1,000,000 penalty payment, the docket may be closed administratively. Should Peoples Gas Systems fail to comply with any of the terms of the proposed Settlement Agreement, staff requests that the Commission authorize the Office of the General Counsel to pursue all reasonable means necessary to enforce the terms of the Settlement Agreement, including any Commission Order approving same, pursuant to Sections 120.69 and 368.061, F.S., including, but not limited to, initiating an action in circuit court.

MACFARLANE FERGUSON & McMULLEN

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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
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e-mail: ansley@ansley.com

April 18, 2016

VIA E-PORTAL FILING

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 150259-GU -- Initiation of show cause proceedings against Peoples Gas System for apparent violations of Sections 368.01 - 05, F.S., and Chapter 25-12, F.A.C.

Dear Ms. Stauffer:

Attached for filing with the Commission in the above docket on behalf of Peoples Gas System ("Peoples"), please find a Settlement Agreement entered into by and among Peoples, the Commission's Prosecutorial Staff, and the Office of Public Counsel.

If approved by the Commission, this Settlement Agreement will avoid the time, expense and uncertainty associated with adversarial litigation. In keeping with the Commission's long-standing policy and practice of encouraging parties in contested proceedings to settle issues whenever possible.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosure

Carlotta S. Stauffer, Director
April 18, 2016
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cc: J. R. Kelly, Esquire
Charles Rehwinkel, Esquire
Danielle M. Roth, Esquire
Kelley F. Corbari, Esquire
Bianca Lherisson, Esquire
Charles Murphy, Esquire
Kathryn Cowdery, Esquire
Samantha Cibula, Esquire
Ms. Kandi M. Floyd
(all above via e-mail attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Initiation of show cause proceedings against)
Peoples Gas System for apparent violations of Sections) Docket No. 150259-GU
368.01 - 05, F.S., and Chapter 25-12, F.A.C.)
_____) Filed: 4-18-16

SETTLEMENT AGREEMENT

Pursuant to Section 120.57(4), *Florida Statutes*, Peoples Gas System ("PGS" or the "Company"), the Office of Public Counsel ("OPC"), and the Prosecutorial Staff ("Staff") of the Florida Public Service Commission ("Commission") (collectively, the "Parties") have entered into this Settlement Agreement to reach an informal disposition and complete a binding resolution of any and all matters and issues that were or might have been addressed by the Commission in Docket No. 150259-GU. More specifically, this Settlement Agreement completely resolves the issues raised in (i) OPC's Petition Requesting the Florida Public Service Commission to Issue an Order to Show Cause Against Peoples Gas System For Violations of Chapter 25-12 F.A.C., Request for Imposition of Fines, and Request for Rate Relief, filed on December 7, 2015; (ii) Staff's Notice of Violation and Initiation of Show Cause Proceeding filed February 25, 2016; (iii) the Commission's September 2013 "Review of Peoples Gas Distribution Facility Inspections" Audit; and (iv) the Commission's November 2015 "Peoples Gas Distribution Facility Inspections Follow-up Audit." This Settlement Agreement avoids the time, expense and uncertainty associated with adversarial litigation, in keeping with the Commission's longstanding policy and practice of encouraging parties in contested proceedings to settle issues whenever possible. The terms of this Settlement Agreement are as follows:

1. Definitions. As used in this Settlement Agreement, the following capitalized terms, unless otherwise defined herein, shall have the following meanings:

"AS" means TECO Energy Audit Services, including any successor department of TECO Energy designated to perform the same or similar services during the term of this Settlement Agreement.

"Employee" means an employee (including a management employee) who has responsibilities for pipeline safety compliance.

"KPMG" means KPMG LLP, a Delaware registered limited liability partnership and the United States member firm of the KPMG network of independent firms, its successors and assigns.

"PGS" or "Company" means Peoples Gas System, its successors and assigns.

"PGS Gas Delivery" means the functional area (regardless of Company organizational titles) within PGS with responsibility for the engineering, construction, maintenance and operational support of the Company's gas transmission and distribution system, including operational divisions, engineering, team member safety, pipeline safety compliance, training and technical support.

"PGS Gas Operations" means the functional area (regardless of Company organizational titles) within PGS Gas Delivery comprised of the Company's operational divisions with responsibility for inspection, construction, maintenance and related compliance activities of the Company's gas transmission and distribution system.

"TECO Energy" means TECO Energy, Inc., a Florida corporation, its successors and assigns.

2. A list of the violations in this docket is attached to this Settlement Agreement as Appendix A, all of which violations are admitted by PGS for purposes of this Settlement Agreement.

3. PGS will submit a penalty in the amount of \$1,000,000, as provided by Section 368.061, *Florida Statutes*, to the Commission within thirty (30) days after the Commission's approval of this Settlement Agreement. Upon receipt of the payment, the Commission will forward the payment to the Department of Financial Services for deposit into the General Revenue Fund.

4. Following the Commission's approval of this Settlement Agreement, PGS will issue a one-time, non-recurring credit in the amount of \$2,000,000, representing a refund to make PGS customers subject to the Company's Cast Iron/Bare Steel Replacement Rider (Rider CI/BSR) whole for any contentions of any deficiency in O&M spending levels that could have mitigated the compliance issues. Such credit will be made to reflect O&M savings within Rider CI/BSR in the month following the Commission's approval of this Settlement Agreement. It is understood by the Parties that PGS customers will experience the benefit of the one-time, non-

recurring, credit through a reduction of the 2017 monthly surcharges contemplated by Rider CI/BSR. It is the intent of the parties that the full amount of \$2,000,000 be returned to PGS customers in 2017 (subject to a true-up) and PGS will clearly identify the inclusion of the \$2,000,000 credit in its 2016 Rider CI/BSR petition for approval of the Company's 2017 Rider CI/BSR monthly surcharge. PGS will also include, and clearly identify, schedules concurrently with the Company's 2017 petition for approval of its 2018 Rider CI/BSR surcharges to verify that the Company issued the one-time, non-recurring credit referenced above.

5. As an integral part of this Settlement Agreement, the Parties agree that, and PGS agrees that it will comply with the following:

a. PGS Compliance – Employees

i. PGS will, within six (6) months following the date of the Commission's order approving this Settlement Agreement, conduct training for all PGS Gas Delivery Employees, clearly communicating the high priority placed by the Company upon safety and facilities inspection compliance, and a zero tolerance policy toward falsification of records. PGS will also put provisions in place to ensure the adequacy of any contractor training, clearly communicating the high priority placed by the Company upon safety and facilities inspection compliance, and a zero tolerance policy toward falsification of records.

ii. PGS will, within six (6) months following the date of the Commission's order approving this Settlement Agreement, require PGS Gas Delivery management Employees to acknowledge in writing a commitment to vigilant oversight of safety and inspection compliance and awareness of consequences for failure to execute this duty.

iii. PGS will, within six (6) months following the date of the Commission's order approving this Settlement Agreement, assess the performance of each PGS Gas Delivery management Employee and, if and when necessary, take appropriate actions (including, but not limited to, reassignment) to help ensure effective safety and regulatory compliance.

b. **KPMG/AS Investigation.** PGS Gas Delivery will review KPMG/AS's February 2016 investigation report and develop a plan and timetable for implementing internal controls improvements and audits PGS and/or TECO Energy determines are needed. This plan and timetable will be presented to Commission Staff for review no later than December 31, 2016. The OPC will be provided a copy at the same time. The Parties agree that such a plan might be subject in whole or in part to the confidentiality protections listed in Section 366.093, *Florida Statutes*.

c. **AS Involvement**

i. AS will conduct or oversee all needed audit activity, and review implementation of the corrective action plan developed as a result of the KPMG/AS investigation and the requirements of this Settlement Agreement.

ii. AS Management will continue making regular reports to the Board of Directors Audit Committee (or a successor thereto) regarding improvements in the overall effectiveness of the PGS compliance program, including implementation of both the KPMG/AS investigation recommendations and the requirements of this Settlement Agreement.

d. Compliance Reviews

i. PGS Gas Delivery will reinstitute the broader scope, thorough testing, and detailed format of the annual pipeline safety compliance reviews conducted by the Company between 2009 and 2013.

ii. AS (or a qualified person or department independent of PGS Gas Delivery) will conduct and document regular reviews of the above referenced compliance review results. For 2016 and 2017, AS (or a qualified person or department independent of PGS Gas Delivery) will coordinate with PGS Gas Delivery compliance review staff in assessing a required letter of response by PGS Gas Operations management to each compliance review, and in reviewing and verifying completion of agreed upon corrective actions reported by PGS Gas Operations management.

iii. All PGS Gas Operations managers will regularly conduct and document reviews of status reports produced by GL Essentials, and the work of contractors performing gas pipeline safety work for the Company.

e. GL Essentials

i. PGS will implement the use of GL Essentials by all contractors conducting facilities inspections by December 31, 2016.

ii. Operations management will develop standardized written procedures for GL Essentials, and closely monitor its use by employees and contractors to identify and address any training needs by December 31, 2016.

iii. PGS will institute a mechanism to gather Employee input regarding problems/potential improvements for all facilities inspection activities and GL Essentials by December 31, 2016.

f. **Agreement Term.** The obligations of PGS (including the responsibilities of PGS Gas Delivery, PGS Gas Operations, and AS) under this paragraph 5 shall terminate, and be of no further force or effect, on and after the date which is four (4) years after the date of the Commission's order approving this Settlement Agreement. PGS acknowledges that it will continue to be responsible for complying with any and all FPSC and Pipeline and Hazardous Materials Safety Administration ("PHMSA") gas safety rules during the term of, and following the expiration of the term of, this Settlement Agreement.

6. The incremental costs incurred by PGS as a result of implementing certain corrective measures identified in this Settlement Agreement will not be recovered from PGS customers, including but not limited to the costs associated with the KPMG/AS investigation.

7. In accordance with Section 120.57(4), *Florida Statutes*, approval of this Settlement Agreement in its entirety will resolve all matters in Docket No. 150259-GU, including any alleged violations of reasonably related rules or standards outlined in Appendix A that may have occurred up to the date this Settlement Agreement takes effect and all claims set forth in the petition filed by OPC in this docket on December 7, 2015.

8. This Settlement Agreement will take effect the day after it is approved by the Commission.

9. The provisions of this Settlement Agreement are contingent on approval of this Settlement Agreement in its entirety by the Commission without modification.

10. It is the desire of the Parties that this Settlement Agreement be considered at an appropriate proceeding that does not involve live testimony and cross examination on the merits of the Petition and Notice that initiated this proceeding. The Parties agree that: (a) consideration of this Settlement Agreement as an agenda item at a regularly scheduled Commission

conference at which all interested persons are provided an opportunity to speak shall satisfy any requirement for the conduct of a hearing on the approval of this Settlement Agreement; (b) the following documents on file in this proceeding shall be available for the Commission during its consideration of this Settlement Agreement: the Petition Requesting the Florida Public Service Commission to Issue an Order to Show Cause Against Peoples Gas System for Violations of Chapter 25-12, *Florida Administrative Code*, Request for Imposition of Fines, and Request for Rate Relief, filed by the Office of Public Counsel, the Notice of Violation and Initiation of Show Cause Proceeding filed by Staff, the Commission 2013 and 2015 audits, and this Settlement Agreement; (c) upon approval of this Settlement Agreement by the Commission, such documents shall become part of the record of this proceeding as if admitted into evidence at a final hearing; and (d) a Commission decision approving this Settlement Agreement may be issued as a final order.

11. With respect to this Settlement Agreement, the Parties agree to waive: (a) all notice requirements for a hearing as set forth in Section 120.569(2)(b), *Florida Statutes*, or other applicable provisions of law; (b) their right to require a hearing on the merits; (c) their respective rights to seek reconsideration pursuant to Rule 25-22.060, *Florida Administrative Code*, of any final order that approves this Settlement Agreement in its entirety and without change; and (d) their respective right to judicial review of any such final agency action approving this Settlement Agreement afforded by Section 120.68, *Florida Statutes*, except proceedings to enforce this Settlement Agreement.

12. The Parties further agree that they will support this Settlement Agreement and affirmatively assert that this Settlement Agreement is in the public interest and should be approved. In this regard, the Parties acknowledge that this Settlement Agreement has been agreed to by each and every Party and resolves each and every issue in this docket. The Parties agree that they will not request or support any order, relief, outcome, or result in conflict

with the terms of this Settlement Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Settlement Agreement or the subject matter hereof.

13. The Parties' agreement to the terms in this Settlement Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this Settlement Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in a future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this Settlement Agreement because of that Party's signature hereto. It is the intent of the Parties to this Settlement Agreement that the Commission's approval of all the terms and provisions of this Settlement Agreement is an express recognition that (a) no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party and (b) that no Party to this Settlement Agreement endorses a specific provision, in isolation, of this Settlement Agreement because of that Party's signature hereto.

14. If the Commission does not accept this Settlement Agreement in its entirety pursuant to its terms set out herein, then (i) the Settlement Agreement shall be considered rejected and shall be and become null and void and of no further force or effect as if this document had never been developed and written; (ii) this document will not constitute an admission of liability by PGS and shall not be admissible in any hearing on the matters at issue in Docket No. 150259-GU, or in any other docket or forum; and (iii) no Party to this Settlement Agreement waives any position on any issue that it could have otherwise asserted in any docket in which it is a Party.

15. This Settlement Agreement may be executed in counterpart originals and a facsimile or scan of an original signature shall be deemed an original.

16. This Settlement Agreement constitutes a single, integrated written contract expressing the entire agreement among the Parties and superseding all other agreements, representations and understandings on the subject matter hereof. There is no other agreement, oral or written, expressed or implied, among the Parties with respect to the subject matter hereof, except this Settlement Agreement.

17. Docket 150259-GU will be closed administratively, upon (i) the Commission's receipt of the \$1,000,000 penalty payment provided in paragraph 3 of this Settlement Agreement and (ii) PGS filing of its 2016 Rider CI/BSR petition for approval of the Company's 2017 Rider CI/BSR monthly surcharge clearly identifying the inclusion of the \$2,000,000 credit, as outlined in paragraph 4 of this Settlement Agreement., and no Party shall seek appellate review of any order issued in this docket.

[signature page follows]

The Parties evidence their acceptance of and agreement with the provisions of this Settlement Agreement by their signatures:

FLORIDA PUBLIC SERVICE COMMISSION PROSECUTORIAL STAFF

By: 

Braulio L. Baez
Executive Director

FLORIDA OFFICE OF PUBLIC COUNSEL

By: _____
J. R. Kelly, Esquire
Public Counsel

PEOPLES GAS SYSTEM

By: _____
Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
Attorneys for Peoples Gas System

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Attorneys for Peoples Gas System

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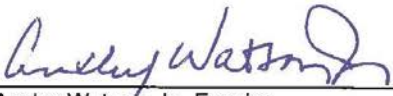
FLORIDA PUBLIC SERVICE COMMISSION PROSECUTORIAL STAFF

By: _____
Braulio L. Baez
Executive Director

FLORIDA OFFICE OF PUBLIC COUNSEL

By: _____
J. R. Kelly, Esquire
Public Counsel

PEOPLES GAS SYSTEM

By:  _____
Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
Attorneys for Peoples Gas System

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PHMSA RULES

191.11 Distribution System Annual Report

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

192.199 Requirements for Design of Pressure Relief & Limiting Devices

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.201 Required Capacity of Pressure Relieving & Limiting Stations

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.203 Instrument, Control & Sampling Pipe & Components

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.383 Excess Flow Valve Installation

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014

192.459 External Corrosion Control: Examination of Buried Pipeline When Exposed

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSOD	GS-1313	4/24/2015	5/8/2015	6/5/2015	NONE	NO
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015

192.463 External Corrosion Control: Cathodic Protection

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSA	GS-1223	12/6/2013	12/16/2013	1/10/2014	10/28/2014	10/29/2014

192.465 External Corrosion Control: Monitoring

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSLD	GS-1287	10/31/2014	11/12/2014	12/10/2014	12/24/2014	12/29/2014
PGSOC	GS-1250	5/14/2014	6/3/2014	6/30/2014	12/9/2014	12/16/2014
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015

192.467 External Corrosion Control: Electrical Isolation

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

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192.479 Atmospheric Corrosion Control: General

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSBS	GS-1331	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014
PGSLD	GS-1224	11/4/2013	12/30/2013	1/10/2014	2/7/2014	2/7/2014
PGSOD	GS-1205	7/1/2013	9/25/2013	10/22/2013	1/16/2014	1/24/2014
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015
TEBPL	GS-1330	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014

192.481 Atmospheric Corrosion Control: Monitoring

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGPPL	GS-1279	10/10/2014	10/13/2014	11/20/2014	12/23/2014	12/29/2014
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSFM	GS-1284	10/14/2014	10/29/2014	11/11/2014	2/9/2015	2/9/2015
PGSFM	GS-1329	8/4/2015	7/27/2015	8/21/2015	10/14/2015	10/15/2015
PGSLD	GS-1287	10/31/2014	11/12/2014	12/10/2014	12/24/2014	12/29/2014
PGSSA	GS-1346	11/16/2015	10/23/2015	12/14/2015	NONE	NO
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGVPL	GS-1273	9/10/2014	9/22/2014	10/17/2014	12/24/2014	12/29/2014

192.487 Remedial Measures: Distribution Lines Other than Cast Iron or Ductile Iron Lines

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSEU	GS-1324	6/17/2015	6/29/2015	NONE	NONE	NO

192.491 Corrosion Control Records

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSEU	GS-1324	6/17/2015	6/29/2015	NONE	NONE	NO

192.5 Class Locations

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSBV	GS-1198	8/15/2013	9/5/2013	10/3/2013	12/10/2013	12/13/2013

192.605 Procedural Manual for Operations, Maintenance & Emergencies

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015
PGVPL	GS-1273	9/10/2014	9/22/2014	10/17/2014	12/24/2014	12/29/2014
TEBPL	GS-1330	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014

192.614 Damage Prevention

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGSIU	GS-1317	5/20/2015	5/26/2015	6/24/2015	NONE	NO
PGSSA	GS-1223	12/6/2013	12/16/2013	1/10/2014	10/28/2014	10/29/2014
PGSSA	GS-1292	11/26/2014	12/1/2014	2/9/2015	3/3/2015	3/3/2015
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSSP	GS-1350	12/3/2015	12/15/2015	12/18/2015	NONE	NO

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192.615 Emergency Plans

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015

192.616 Public Awareness

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGPPL	GS-1200	9/5/2013	9/20/2013	10/21/2013	NONE	1/10/2014
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGVPL	GS-1201	9/5/2013	9/23/2013	10/21/2013	NONE	1/10/2014

192.625 Odorization of Gas

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.707 Line Markers for Mains & Transmission Lines

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSLD	GS-1287	10/31/2014	11/12/2014	12/10/2014	12/24/2014	12/29/2014
PGSOC	GS-1314	5/4/2015	5/11/2015	NONE	NONE	ND
PGSOD	GS-1313	4/24/2015	5/8/2015	6/5/2015	NONE	ND
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015

192.723 Distribution Systems: Leakage Surveys

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSDD	GS-1213	9/19/2013	10/24/2013	11/21/2013	1/14/2014	1/24/2014
PGSDD	GS-1282	9/26/2014	10/17/2014	11/19/2014	NONE	9/22/2015
PGSML	GS-1274	9/18/2014	10/1/2014	11/18/2014	2/4/2015	2/5/2015
PGSDD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014

192.739 Pressure Limiting & Regulating Stations: Inspections & Testing

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSDD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014

192.741 Pressure Limiting & Regulating Stations: Telemetering or Recording Gauges

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.743 Pressure Limiting & Regulating Stations: Capacity of Relief Devices

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSDD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014
SCGPL	GS-1266	7/1/2014	8/14/2014	9/26/2014	11/18/2014	11/19/2014
TEBPL	GS-1330	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014

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192.745 Valve Maintenance: Transmission Lines

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGIPL	GS-1265	6/19/2014	8/13/2014	8/27/2014	11/18/2014	11/19/2014

192.747 Valve Maintenance: Distribution Systems

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSDD	GS-1282	9/26/2014	10/17/2014	11/19/2014	NONE	NO
PGSOD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014

192.805 Qualification Program

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

192.807 Record Keeping - Qualification Records

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSOD	GS-1313	4/24/2015	5/8/2015	6/3/2015	NONE	NO
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

192.809 Qualification - General

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013

192.905 How Does an Operator Identify a High Consequence Area

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSB5	GS-1241	4/11/2014	4/14/2014	5/12/2014	5/13/2014	5/14/2014

192.1011 What Records Must an Operator Keep

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGSSA	GS-1223	12/6/2013	12/16/2013	1/10/2014	10/28/2014	10/29/2014

192 Appendix D: Criteria for Cathodic Protection & Dermination of Measurements

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSLD	GS-1287	10/31/2014	11/12/2014	12/10/2014	12/24/2014	12/29/2014
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSTA	GS-1326	7/8/2015	7/21/2015	9/18/2015	12/21/2015	12/28/2015
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

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FPSC RULES

25-12.022 Requirements for Distribution System Valves

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSSA	GS-1346	11/16/2015	10/23/2015	12/14/2015	NONE	NO

25-12.040 Leak Surveys, Procedures and Classification

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSDD	GS-1282	9/26/2014	10/17/2014	11/19/2014	NONE	NO
PGSEU	GS-1242	3/17/2014	4/15/2014	5/8/2014	8/20/2014	8/28/2014
PGSLD	GS-1224	11/4/2013	12/30/2013	1/10/2014	2/7/2014	2/18/2014
PGSMI	GS-1274	9/18/2014	10/1/2014	11/18/2014	2/4/2015	2/5/2015
PGSMI	GS-1312	4/13/2015	4/20/2015	5/18/2015	10/14/2015	10/15/2015
PGSOD	GS-1205	7/1/2013	9/25/2013	10/22/2013	1/16/2014	1/24/2014
PGSOD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014
PGSOD	GS-1313	4/24/2015	5/8/2015	6/5/2015	NONE	NO
PGSPC	GS-1336	9/23/2015	9/14/2015	9/30/2015	10/22/2015	10/26/2015
PGSSA	GS-1223	12/6/2013	12/16/2013	1/10/2014	10/28/2014	10/29/2014
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSSP	GS-1350	12/3/2015	10/15/2015	12/18/2015	NONE	NO
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014
PGSTA	GS-1326	7/20/2015	7/8/2015	9/18/2015	12/21/2015	12/28/2015

25-12.045 Inactive Gas Service Lines

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSMI	GS-1312	4/13/2015	4/20/2015	5/18/2015	10/14/2015	10/15/2015
PGSOD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014
PGSOD	GS-1313	4/24/2015	5/8/2015	6/5/2015	NONE	NO
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSTA	GS-1326	7/8/2015	7/20/2015	9/18/2015	12/21/2015	12/28/2015

25-12.050 Facility Identification

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGPPL	GS-1279	10/10/2014	10/15/2014	11/20/2014	12/23/2014	12/29/2014
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014
PGSTA	GS-1326	7/20/2015	7/8/2015	9/18/2015	12/21/2015	12/28/2015

25-12.052 Cathodic Protection

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSAP	GS-1283	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSPC	GS-1208	6/3/2013	10/4/2013	10/30/2013	NONE	1/8/2014
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
PGSSP	GS-1256	6/23/2014	7/1/2014	7/31/2014	3/20/2015	3/24/2015
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014

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25-12.055 Odorization of Gas

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGPPL	GS-1279	10/10/2014	10/13/2014	11/20/2014	12/23/2014	12/29/2014
PGSAP	GS-1285	10/17/2014	10/21/2014	11/20/2014	12/24/2014	12/29/2014
PGSLD	GS-1287	10/31/2014	11/12/2014	12/10/2014	12/24/2014	12/29/2014
PGSMI	GS-1274	9/18/2014	10/1/2014	11/18/2014	2/4/2015	2/5/2015
PGSOD	GS-1264	7/14/2014	8/13/2014	9/8/2014	11/10/2014	11/13/2014
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014
PGSTA	GS-1326	7/20/2015	7/8/2015	9/18/2015	12/21/2015	12/28/2015

25-12.060 General Records

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSBS	GS-1331	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014
PGSEU	GS-1324	6/17/2015	6/29/2015	7/28/2015	12/17/2015	12/18/2015
PGSOD	GS-1313	4/24/2015	5/8/2015	6/5/2015	NONE	NO
PGSTA	GS-1192	6/19/2013	7/9/2013	8/6/2013	5/15/2014	5/27/2014

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSBS	GS-1331	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014
PGSIU	GS-1317	5/20/2015	5/26/2015	6/24/2015	10/14/2015	10/15/2015
PGSSA	GS-1292	11/26/2014	12/1/2014	2/9/2015	3/3/2015	3/3/2015
PGSSP	GS-1191	6/21/2013	6/26/2013	7/19/2013	12/4/2013	12/12/2013
TEBPL	GS-1330	1/30/2014	2/6/2014	3/3/2014	3/27/2014	4/9/2014

25-12.062 Leak Reports

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSTA	GS-1254	6/3/2014	6/26/2014	7/23/2014	12/23/2014	12/29/2014

25-12.082 Construction Notice

PGS Division	Violation	Evaluation Date	Notice Issued	PGS Response	Progress Report	Closed
PGSFM	GS-1216	10/24/2013	11/8/2013	12/6/2013	10/13/2014	10/14/2014
PGSFM	GS-1329	8/4/2015	7/27/2015	8/21/2015	10/14/2015	10/15/2015