

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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IN THE MATTER OF THE COMMISSION'S )  
HEARING REGARDING THE COMPLIANCE OF )  
INDIANA GAS COMPANY, INC. D/B/A ) CAUSE NO. 44177  
VECTREN WITH PIPELINE SAFETY )  
STANDARDS AND MATTERS RELATING TO )  
THE SAFETY OF ITS GAS DISTRIBUTION ) APPROVED:  
SYSTEM PURSUANT TO INDIANA CODE )  
CHAPTER 8-1-22.5 )

NOV 28 2012

ORDER OF THE COMMISSION

**Presiding Officers:**

**James D. Atterholt, Chairman**

**Loraine L. Seyfried, Chief Administrative Law Judge**

On April 11, 2012, the Pipeline Safety Division (“Division”) of the Indiana Utility Regulatory Commission (“Commission”) filed a Complaint alleging that Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. (“Vectren North”) violated provisions of the Indiana Code and regulations promulgated by the Commission and the federal Department of Transportation’s Pipeline and Hazardous Materials Safety Administration related to an incident that occurred at a work site in New Albany, Indiana (the “Incident”).

On May 1, 2012, Vectren North filed its Answer to the Complaint. On May 3, 2012, the International Brotherhood of Electrical Workers Local 1393, the United Steel, Paper and Forestry, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 7441 and the United Steel, Paper and Forestry, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 12213 filed a Petition to Intervene, which was granted by Docket Entry on May 10, 2012.

On July 2, 2012, the Division filed a Notice of Settlement, Request for Filing Schedule and Withdrawal of Motion for Extension of Time to File Case-in-Chief notifying the Commission that the Division and Vectren North had reached a settlement in principle. The Division and Vectren North filed their Settlement Agreement on August 14, 2012, along with testimony in support of the agreement.

Pursuant to public notice duly given and published, proof of which was incorporated into the record by reference and placed in the Commission’s official file, a public hearing was held in this Cause on September 21, 2012 at 9:30 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. At the hearing, the parties appeared by counsel, and the Division and Vectren North offered into evidence without objection the Complaint, Answer, Settlement Agreement and supporting testimony and exhibits. The witnesses were made available for questions from the Commission. No members of the general public appeared.

Based upon the applicable law and the evidence of record, the Commission now finds:

1. **Notice and Jurisdiction.** Proper notice of the hearing in this Cause was given as required by law. Vectren North is a “public utility” within the meaning of Ind. Code § 8-1-2-1 of the Public Service Commission Act, as amended, and is subject to the jurisdiction of the Commission. Vectren North is engaged in the transportation of natural gas within the State of Indiana and subject to the requirements of Ind. Code ch. 8-1-22.5. Therefore, the Commission has jurisdiction over Vectren North and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

2. **Petitioner’s Organization and Business.** Vectren North is a public utility incorporated under the laws of the State of Indiana, and is engaged in rendering retail gas service to the public. Vectren North owns and operates natural gas transmission and distribution systems for the transmission, delivery and furnishing of retail gas service within the State of Indiana.

3. **The Division’s Complaint.** The Division’s Complaint alleged that on November 8, 2011, a crew from Miller Pipeline Corporation (“Miller Pipeline”), a wholly owned subsidiary of Vectren Corporation, was working as a contractor on a project to replace sections of bare steel pipeline on Vectren North’s system. The replacement project was located in the vicinity of 312 Woodrow Avenue, New Albany, Indiana (the “Residence”). During a horizontal boring/directional drilling procedure, Miller Pipeline breached an existing steel distribution main. No spot verification was performed to locate the existing main prior to boring. In addition, according to the Division’s Investigation Report attached to the Complaint, Miller Pipeline continued to excavate the area after the breach in an attempt to install a leak clamp, but made no attempt to stop the flow of gas. The Complaint also alleged that Miller Pipeline failed to notify the proper authorities of the breach. Because of the breach, natural gas migrated from the damaged pipe to the Residence and an explosion occurred, destroying the Residence and injuring five (5) residents and one (1) Miller Pipeline employee.

The Complaint, filed by the Division as a result of the Incident, alleged four (4) violations of Indiana statutes and federal pipeline safety standards, primarily resulting from Miller Pipeline’s failure to follow Vectren North’s operation and maintenance (“O&M”) manual, including:

1. Failure to follow proper boring protocols as set forth in O&M 9.35.
2. Failure to follow proper notification protocol as required by Ind. Code § 8-1-26-21(b).
3. Failure to follow proper leak investigation protocol as set forth in O&M 19.10.
4. Failure to engage in first responder activities as set forth in Emergency Response Procedure (“ERP”) 4.02.

The Division contends that each violation of Vectren North's O&M manual is a violation of the federal pipeline safety regulations because 49 C.F.R. § 192.605(a) requires pipeline operators to follow the manual when conducting O&M activities.

4. **Statutory Authority.** Pursuant to Ind. Code § 8-1-22.5-7, a person who is engaged in transportation or owns, operates or leases pipeline facilities and violates any provision of Ind. Code ch. 8-1-22.5 or any regulations issued pursuant to Ind. Code ch. 8-1-22.5 is subject to a maximum civil penalty of \$25,000 for each violation for each day the violation persists.

Pipeline Safety's Complaint alleges Vectren North committed four violations on a single day. Therefore, the Commission is limited in this Cause to assessing Vectren North a maximum civil penalty of \$25,000 per violation, or a total civil penalty of \$100,000.

5. **Settlement Agreement.** On August 14, 2012, the Division and Vectren North filed a Settlement Agreement with the Commission, a copy of which is attached and incorporated herein by reference. The Settlement Agreement indicates that it is intended to resolve all issues between the Division and Vectren North in this Cause, including agreement on several violations, a penalty, and enhancements to various processes designed to improve public safety. Specifically, the parties agreed as follows:

A. **Stipulated Violations.** For purpose of settlement, Vectren North, as the operator and a party to the contract with Miller Pipeline, stipulated to the following violations:

1. **Failure to Follow Proper Boring Protocol.** Vectren North stipulated that Miller Pipeline's failure to spot verify a section of the pipeline on which bare steel was being replaced violated Ind. Code § 8-1-22.5-4(1).

2. **Failure to Follow Proper Notification Protocol.** Vectren North stipulated that Miller Pipeline's failure to follow the proper notification process upon the discovery of the escape of gas violated Ind. Code § 8-1-26-21(b).

3. **Failure to Follow Proper Leak Investigation Protocol.** Vectren North stipulated that Miller Pipeline's failure, following discovery of the leak, to test for migration of gas and therefore determine the spread of the leakage violated Ind. Code § 8-1-22.5-4(1).

B. **Stipulated Civil Penalties.** Vectren North stipulated to the assessment of a civil penalty amount of \$25,000, *i.e.*, the maximum penalty allowed under Indiana law, for each of the three (3) stipulated violations, for a total penalty amount of \$75,000.

C. **Modification to Processes.** In addition to the payment of a penalty, Vectren North agreed to modify a number of its O&M processes with respect to Boring Standards, Locating Requirements, Engineering Design Standards, ERP and Job Briefings. Furthermore, Vectren North agreed to modify its Master Service Agreement to add specific enforcement provisions and to make clear to contractors the importance of following Vectren North's operating policies and procedures. The specific modifications are contained in Exhibit A

of the Settlement Agreement, which indicates they are being made in an attempt to prevent similar issues from occurring in the future.

**6. Testimony in Support of Settlement Agreement.** Mr. William Boyd, Director of the Division, provided testimony in support of the Settlement Agreement. He briefly summarized the Incident and explained why he recommended approval of the Settlement Agreement. He said he believed the civil penalties were appropriate in this instance and that he was pleased with the changes Vectren North made to its internal policies and procedures. Mr. Boyd stated the changes should help to reduce the risk of another incident from occurring by remedying what appears to be the root cause of this Incident. Specifically, more review of the boring route and more spot verifications, as well as updating the field pack checklist to include verification of the existing main as-built and enhanced locating requirements, should further minimize the risk of facility damage and subsequent gas release. In addition, a professional locating company will also be locating Vectren North's facilities in the future. Mr. Boyd also testified that changes to Vectren North's ERP and modifications to its job briefings should enhance communication and safety. Finally, Mr. Boyd stated Vectren North will ensure that provisions regarding contractor indemnity, enforcement and termination for failure to comply with statutes and company policies are included in the agreement Vectren North enters into with its contractors.

At the evidentiary hearing in response to questions from the Presiding Officers, Mr. Boyd testified regarding the steps taken by the Division to investigate the Incident. Mr. Boyd testified Vectren North contacted him within an hour or two of the explosion, as required by law. Mike Enlow, a pipeline safety engineer with the Division, was dispatched to the scene to conduct an investigation and assess the situation. Mr. Boyd testified he met with Vectren North the next day in Indianapolis where he requested records regarding leak surveys, repairs, pressure tests, and bar hole tests to ensure gas was not continuing to migrate. Mr. Boyd testified that while he did not request a copy of Vectren North's internal investigation report, he saw the results of the report in the Settlement Agreement, as the terms were based on the results of Vectren North's investigation.

With regard to the procedural modifications contained in the Settlement Agreement, Mr. Boyd testified that preconstruction meetings, requiring a professional third party to verify locates, doing more spot verifications, and changing pre-construction checklists to require maps would all help to prevent future incidents. He testified that having the locates done by a professional locating company would provide for "greater diligence," but would not abdicate the contractor's review of locates. Mr. Boyd further testified that they could promote these standards to the industry at large during their field audits and inspections.

Mr. Francis, Director of Engineering & Asset Management for Vectren Utility Holdings, Inc., also provided testimony in support of the Settlement Agreement. He provided a brief summary of the Incident and Vectren North's response thereto. Mr. Francis testified that within three (3) days after the incident, Vectren North convened its Accident, Incident and Failure Investigation Committee ("Committee") as required by Vectren North's ERP 7.00. The Committee consisted of members from various parts of Vectren North, and their goal was to determine what Vectren North could learn from the Incident and recommend improvements to policies and procedures, qualification and training, as appropriate. Mr. Francis stated the

Committee reviewed Vectren North's Boring Standards, Locating Requirements, Engineering Design Standards, Emergency Response Procedures, Job Briefings, Contracts, Operator Qualification Requirements and Pre-construction Communications, and recommended six (6) changes, which formed the "Modification to Processes" section of the Settlement Agreement. Mr. Francis concluded that when taken together, the three (3) main sections of the Settlement Agreement represent a fair and reasonable resolution of the issues and the Settlement Agreement is in the public interest.

In response to questions at the evidentiary hearing, Mr. Francis testified that Miller Pipeline was putting in a new line to replace an old bare steel line when it hit a stub, which it subsequently tried to repair. Mr. Francis acknowledged there was a risk of explosion by continuing to excavate after a breach had been made. When the gas did ignite and explode, Mr. Francis testified that five (5) people in the home were injured, likely from burns and debris, and that one (1) Miller Pipeline employee broke his leg from a fall related to the explosion, and the Residence was destroyed.

With regard to the number of required spot verifications for the project, Mr. Francis testified that it depends on the results of when you locate and whether water, telephone, or other line types are found. He testified that at every facility crossing, Miller Pipeline should spot verify before making a directional bore. Mr. Francis testified there were twenty-six (26) facility crossings for this project. Miller Pipeline spot verified twenty-five (25) crossings; the remaining one was where the breach occurred. Mr. Francis testified that "human error" was the cause of the explosion, because the short stub that was hit was not previously noticed when Miller Pipeline reviewed the map.

When asked why Miller Pipeline did not contact 911 or Vectren North after the short stub was hit, Mr. Francis testified that Miller Pipeline had seasoned employees on site who were qualified to do the repair and thought repairs could be made. He stated that not notifying Vectren North and the appropriate authorities prior to undertaking the repairs was an error in judgment by Miller Pipeline. He testified that he was uncertain whether any disciplinary action had been taken by Miller Pipeline for employee actions. However, he noted the Settlement Agreement includes changing Vectren North's leak procedures so that if there is a breach, the contractor must call 911, Indiana 811, and Vectren North immediately.

Mr. Francis explained the various other measures Vectren North was taking under the Settlement Agreement. He said moving forward, a professional locating company will locate all facilities in addition to, and not instead of, Vectren North's contractors or employees. He testified this will supplement the checks done by the contractor. He also testified that the engineering process has been changed to show "as built" pipelines. In addition, pursuant to the Settlement Agreement, contracts with third-party excavators will have more "teeth" for Vectren North to take action when there is a process failure.

7. **Commission Discussion and Findings.** Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind.

Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement.” *Citizens Action Coalition*, 664 N.E.2d at 406.

Further, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission’s own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement Agreement is reasonable, just, and consistent with the purpose of Indiana Code ch. 8-1-2, and that such agreement serves the public interest.

Pursuant to Ind. Code § 8-1-22.5-2, the Division is charged with the regulation of transportation and related pipeline facilities and their operations in order to promote public safety. Ind. Code § 8-1-22.5-4 authorizes the Division to administer and require compliance with federal safety standards applicable to transportation and related pipeline facilities established under the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979. The Division is responsible for reviewing all incidents reported in Indiana resulting in personal injury requiring hospitalization or property damage in excess of \$50,000, when accompanied by an explosion, misapplication and/or escapement of gas, hazardous liquid or carbon dioxide fluid.

As previously indicated, the Commission, after notice and opportunity for a public hearing, is authorized to assess civil penalties to persons engaged in transportation or who own, operate or lease pipeline facilities and violate any provision of Ind. Code ch. 8-1-22.5 or any regulations issued pursuant to Ind. Code ch. 8-1-22.5. Ind. Code § 8-1-22.5-7. Those penalties may not exceed \$25,000 for each violation for each day that the violation persists, and the maximum civil penalty may not exceed \$1,000,000 for any related series of violations. *Id.*

The Division is charged with the task of protecting the public safety and enforcing rules and regulations related to pipeline facilities and the safe operation thereof. When those rules are violated and public safety is impacted, then civil penalties may be assessed. It is important that operators of natural gas pipeline facilities know that both the Division and the Commission will vigorously enforce federal and state statutes and regulations to protect the public in Indiana, which means levying fines and penalties when actions or inactions warrant.

In this instance, the Division and Vectren North have negotiated a Settlement Agreement that provides for Vectren North’s stipulation to three (3) of the four (4) alleged violations, payment of penalties for those violations, and changes to operating procedures in its O&M manual and contractual changes to its Master Services Agreement. While the parties offered substantial evidence concerning the reasonableness of the Settlement with respect to three (3) of the alleged violations, the Settlement and supporting testimony are completely devoid of any reference to the alleged violation concerning Vectren North’s failure to perform first responder activities.

In accordance with state and federal requirements, Vectren North's procedural manual sets forth its policies and procedures for conducting O&M (*i.e.*, its O&M manual) and emergency response (*i.e.*, its ERP). Section 4.02 of Vectren North's ERP sets forth the procedures for performing first response activities in an emergency. Vectren North, in its Answer, denied that non-Vectren North employees serve as first responders. However, in this instance, Vectren North hired contractors to perform work on behalf of Vectren, *i.e.*, Miller Pipeline (which like Vectren North is a wholly owned subsidiary of Vectren Corporation and subject to an affiliate agreement on file with the Commission pursuant to Ind. Code § 8-1-2-49) for the bare steel pipeline work and McDaniel Technical Service to oversee the work and ensure compliance with Vectren North's requirements and procedures. Mr. Francis testified that the Miller Pipeline employees present at the scene were "seasoned employees" and qualified to do fixes and repairs on leaks. Tr. at 33. There is no excuse for either contractor present at the scene not to act and secure the leak as required by Vectren North's O&M manual. Vectren North should not be permitted to avoid its legal obligation to perform first responder activities simply because of its use of a contractor, which failed to notify Vectren North of the situation. Vectren North's procedural manual, with which it must comply, sets forth specific requirements for emergency response. Thus, the Commission finds that Vectren North should pay an additional civil penalty of \$25,000 for failing to perform the first responder activities provided in Section 4.02 of Vectren North's ERP. In addition, as Vectren North is responsible for conducting its operations in compliance with the law, Vectren North may not seek to recover any portion of the \$100,000 civil penalty from its customers.

With respect to the agreed upon changes to the O&M manual, we find the evidence presented provides support that the changes are appropriate and beneficial. The changes add further clarification to the required reporting obligations of contractors and impose new requirements designed to provide additional safeguards. However, we note that these revisions to the O&M manual still require a contractor to follow and comply with the manual, yet do nothing to ensure the manual will be followed. It is the requirement of the operator to ensure that the manual is followed for conducting O&M activities and for emergency response pursuant to 49 C.F.R. § 192.605(a).

We also agree the changes to the Master Services Agreement should provide Vectren North with the ability to better address a contractor's noncompliance or failure to adhere to Vectren North's O&M manual. The indemnification clause also provides notice to the contractors of the importance of complying with applicable requirements by imposing a financial responsibility. However, it is important to recognize that although the indemnification clause may limit Vectren North's financial liability or exposure for a contractor's noncompliant actions, it does not eliminate Vectren North's statutory requirement to provide safe and reliable service. In addition, given the affiliate nature of Miller Pipeline to Vectren North, it is also concerning to the Commission that the witness for Vectren North was unaware of any resolution or disciplinary action taken by Miller Pipeline to address the failure of its employees to comply with procedures. Therefore, the Commission further finds that Vectren North should take an active role in pipeline related matters handled by contractors to ensure that they are following all pipeline safety requirements, including Vectren North's O&M manual and ERP. This shall include, but is not limited to, a Vectren employee performing on-site inspections during and after excavations to verify the integrity of the pipeline, especially for boring activities.

Based on the evidence presented in this Cause, the Commission finds that the Settlement Agreement, as modified herein, represents a reasonable resolution of the issues presented in this matter and is in the public interest. As contemplated by its terms, the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our findings in *Richmond Power & Light*, Cause No. 40434, 1997 Ind. PUC LEXIS 459 (IURC March 19, 1997).

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Settlement Agreement between Vectren North and the Division is approved as modified herein.

2. Vectren North shall pay the penalty of \$100,000 to the Secretary of the Commission for payment into the general fund for the State of Indiana within thirty (30) days of this Order.

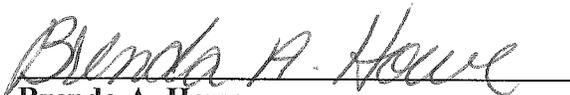
3. In accordance with Paragraph 5.d. of the Settlement Agreement, Vectren North shall notify the Commission within fifteen (15) days of this Order whether the modifications to the Settlement Agreement are acceptable to all the parties.

4. This Order shall be effective on and after the date of its approval.

**ATTERHOLT, BENNETT, LANDIS, AND ZIEGNER CONCUR; MAYS NOT PARTICIPATING:**

**APPROVED:        NOV 28 2012**

**I hereby certify that the above is a true and correct copy of the Order as approved.**

  
**Brenda A. Howe**  
**Secretary to the Commission**

STATE OF INDIANA

BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S )  
HEARING REGARDING THE COMPLIANCE OF )  
INDIANA GAS COMPANY, INC. D/B/A VECTREN )  
WITH PIPELINE SAFETY STANDARDS AND ) CAUSE NO. 44177  
MATTERS RELATING TO THE SAFETY OF ITS GAS )  
DISTRIBUTION SYSTEM PURSUANT TO IC )  
CHAPTER 8-1-22.5 )

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into this 15<sup>th</sup> day of August, 2012, by and between the Indiana Utility Regulatory Commission's Pipeline Safety Division ("Division") and Indiana Gas Company, Inc. d/b/a/ Vectren Energy Delivery of Indiana, Inc. ("Vectren") (together, "the Settling Parties").

NOW, THEREFORE, the Settling Parties agree as follows:

1. Background. On November 8, 2011, Miller Pipeline Corporation, a wholly owned subsidiary of Vectren Corporation ("Miller Pipeline") worked on a bare steel replacement project in the vicinity of 312 Woodrow Avenue (the "Residence") in New Albany, Indiana. During a horizontal boring/directional drilling procedure, Miller Pipeline breached a short stub attached to a steel sixty (60) pounds per square inch gauge ("psig") distribution main. As a result, natural gas migrated to the Residence. Subsequent ignition of the gas resulted in a fire and explosion, destroying the home and injuring five (5) residents and one (1) Miller Pipeline employee.

2. This Proceeding. On April 11, 2012, the Division filed a Complaint and Request for Public Hearing ("Complaint"). Vectren filed their answer on May 1, 2012. The International Brotherhood of Electrical Workers Local 1393; the United Steel, Paper and Forestry,

Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 12213; and the United Steel, Paper and Forestry, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 7441 filed a Petition to Intervene, and the Petition was granted on May 10, 2012. On June 21, 2012, the Division moved for an extension of time to file its Case-in-Chief. On July 3, 2012, the Division provided Notice of Settlement and withdrew its Motion for Extension of Time to File Case-in-Chief. On July 6, 2012, the Presiding Officers issued a Docket Entry regarding the Procedural Schedule, setting on or before August 15, 2012 as the date the Settling Parties shall file the Settlement Agreement and supporting testimony.

3. Scope of Agreement. This Agreement comprehensively resolves all issues between the Settling Parties associated with the Division's Complaint as filed in Cause No. 44177. Attached hereto and incorporated by reference as Exhibit 1 is a Term Sheet setting forth specific provisions of the settlement ("Settlement Terms") that is intended by the Settling Parties to resolve all pending issues relating to Cause No. 44177. The terms of the Agreement shall be effective upon approval by the Indiana Utility Regulatory Commission ("Commission").

4. Integration. Approval of this Agreement constitutes approval of the Settlement Terms attached hereto as Exhibit 1.

5. Presentation of the Agreement.

a. The Settling Parties will jointly move the Commission for approval of this Agreement. The Agreement, including the Settlement Terms listed in Exhibit 1, is not severable and shall be accepted or rejected by the Commission without modification or further condition that may be unacceptable to any party.

b. The Settling Parties hereby adopt and incorporate by reference the testimony of William Boyd and James Francis that has been filed in this Cause.

c. The Settling Parties agree to support or not oppose the approval in its entirety of the Agreement.

d. If the Order of the Commission in this proceeding modifies or conditions approval of this Agreement, only the Settling Parties to this Agreement may decide whether to accept such modification or condition. The Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that any modifications made by the Commission are unacceptable to that party.

6. Effect and Use of Stipulation and Agreement.

a. The terms of this Agreement, including the Settlement Terms in Exhibit 1, represent a fair, just and reasonable resolution by negotiation and compromise. The Settling Parties have entered into this Agreement solely to avoid further disputes and litigation with the attendant inconvenience and expenses. Vectren's acceptance of this Agreement does not constitute a waiver of its rights to contest its responsibility for the actions of third parties in future proceedings, nor its ability to contest legal responsibility or liability in any related civil proceedings.

b. The evidence presented by the Settling Parties in this Cause, or that will be presented, constitutes substantial evidence sufficient to support this Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Agreement, as filed. The Settling Parties agree to jointly present this Agreement to the Commission for its approval in this proceeding, and agree to assist and cooperate in the preparation and presentation of supplemental testimony as necessary to provide an appropriate factual basis for such approval.

c. The issuance of a final Order by the Commission approving this Agreement, including the Settlement Terms in Exhibit 1, without modification shall terminate all proceedings with regard to this Agreement.

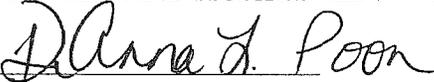
d. The undersigned represent and agree that they are fully authorized to execute this Agreement on behalf of their designated clients who will be bound thereby.

e. The Settling Parties shall not appeal the agreed final Order or any subsequent Commission order to the extent such order is specifically implementing, without modification, the provisions of this Agreement, including the Settlement Terms in Exhibit 1, and the Settling Parties shall not support any appeal of any such order by a person not a party to this Agreement.

f. The provisions of this Agreement, including the Settlement Terms in Exhibit 1, shall be enforceable by any party at the Commission or any court of competent jurisdiction, whichever is applicable.

g. The communications and discussions during the negotiations and conferences which produced this Agreement, including the Settlement Terms in Exhibit 1, have been conducted on the explicit understanding that they are or relate to offers of settlement and shall therefore be privileged.

ACCEPTED AND AGREED this 14<sup>th</sup> day of August, 2012.

By:   
DeAnna L. Poon  
Attorney for Pipeline Safety Division

By:   
Robert Heidorn  
Attorney for Indiana Gas Company, Inc. d/b/a/ Vectren Energy Delivery of Indiana, Inc.

## Exhibit 1

### Settlement Term Sheet

#### 1. Stipulated Violations.

##### a. Failure to Follow Proper Boring Protocol.

i. On November 8, 2011, Vectren Corporation's wholly owned subsidiary, Miller Pipeline Corporation ("Miller Pipeline") worked on a bare steel replacement project in the vicinity of 312 Woodrow Avenue in New Albany, Indiana. During a horizontal boring/directional drilling procedure, Miller Pipeline breached a short stub attached to a steel sixty (60) pounds per square inch gauge ("psig") distribution main. (Petition, Exhibit A, pg. 1).

ii. Pursuant to IC 8-1-22.5-4(1), the Division shall require compliance with federal safety standards applicable to transportation and related pipeline facilities. One such federal standard, 49 C.F.R. § 192.605(a), requires an excavator for Vectren to follow their own manual for conducting operations and maintenance activities. They are also required to follow their own plan pursuant to 170 IAC 5-3-2(1). This includes Vectren's O&M 9.35, Boring Safeguards, which requires a spot verification of an existing facility (Petition, Exhibit 24).

Miller Pipeline did not spot verify, which means there was no evidence that they verified the depth of the facility by excavating and exposing it (Petition, Exhibit A, pg. 1).

iii. As a result of Miller Pipeline's failure to spot verify as required by Vectren's operations and maintenance manual, for purposes of this settlement, Vectren has agreed to a finding that IC 8-1-22.5-4(1) was violated.

##### b. Failure to Follow Proper Notification Protocol.

i. Pursuant to IC 8-1-26-21(b), the excavator is to notify the utility company, the Indiana Underground Plant Protection Service (also known as Indiana 811), and local jurisdictional police and fire departments “immediately” upon discovery of the escape of gas.

ii. Miller Pipeline did not call 911 immediately upon discovery of the escape of gas. They waited until 4:20 p.m. EST to call 911, well over an hour after they initially detected a gas odor and only after the explosion occurred (Petition, Exhibit 3).

iii. As a result of Miller Pipeline’s failure to call the proper parties immediately upon the discovery of the escape of gas, for purposes of settlement, Vectren has agreed that IC 8-1-26-21(b) was violated.

c. Failure to Follow Proper Leak Investigation Protocol.

i. Pursuant to IC 8-1-22.5-4(1), the Division shall require compliance with federal safety standards applicable to transportation and related pipeline facilities. One such federal standard, 49 C.F.R. § 192.605(a), requires an excavator for Vectren to follow their own manual for conducting operations and maintenance activities. They are also required to follow their own plan pursuant to 170 IAC 5-3-2(1).

ii. Vectren’s O&M 19.10 requires Vectren employees or contractors to investigate leaks. These employees must be qualified, trained to recognize and manage suspected leaks per company standards (Petition, Exhibit 23). Miller Pipeline had five (5) such employees on the scene (Petition, Exhibit 5). O&M 19.10 requires these qualified employees to use appropriate gas detection equipment to test all available openings in the area of the suspected leak, determine the spread of the leakage using centering and pinpointing techniques, and bar test at the service riser and near the building foundation (Petition, Exhibit 23).

iii. None of these requirements appear on the timeline of events provided by Vectren and there is no other evidence that Miller Pipeline fulfilled them (Petition, Exhibit 3).

iv. By failing to use appropriate gas detection equipment to test all available openings in the area of the suspected leak, determine the spread of the leakage using centering and pinpointing techniques, and bar test at the service riser and near the building foundation, Miller Pipeline failed to follow appropriate procedures and, for purposes of settlement, Vectren has agreed that IC 8-1-22.5-4(1) was violated.

**2. Stipulated Civil Penalties.**

Pursuant to IC 8-1-22.5-7, the Commission has the authority to assess a person who is engaged in transportation or owns, operates, or leases pipeline facilities civil penalties of up to twenty-five thousand dollars (\$25,000) if they violate any provision of IC 8-1-22.5 or any regulations issued pursuant to IC 8-1-22.5, after notice and opportunity for a public hearing. The maximum penalty cannot exceed one million dollars (\$1,000,000) for a related series of violations. The Settling Parties stipulate to the following violations and the assessment of the following civil penalties:

a. Failure to Follow Proper Boring Protocol. Vectren agrees to pay a civil penalty of twenty-five thousand dollars (\$25,000) for the failure to follow proper boring protocol.

b. Failure to Follow Proper Notification Protocol. Vectren agrees to pay a civil penalty of twenty-five thousand dollars (\$25,000) for the failure to follow proper notification protocol.

c. Failure to Follow Proper Leak Investigation Protocol. Vectren agrees to pay a civil penalty of twenty-five thousand dollars (\$25,000) for the failure to follow proper leak investigation protocol.

3. **Modifications to Processes.**

In addition to the payment of civil penalties as outlined above, Vectren agrees to changes to its operations and maintenance manual with respect to Boring Standards, Locating Requirements, Engineering Design Standards, Emergency Response Procedures, and Job Briefings. Vectren further agrees to modify its Master Service Agreement. These changes are outlined in Exhibits A and A1 through A4, hereby attached and incorporated by reference.

4. **Reservation.**

The Division reserves the right to challenge the efficacy of the modifications listed in Paragraph 3, Modifications to Processes, if at any time in the future the modifications appear insufficient to provide safe and reliable service or conflict with State or Federal law.

CERTIFICATE OF SERVICE

The undersigned certifies that on August 14, 2012, a copy of the foregoing was served via U.S.

Mail to the following:

Randall C. Helmen  
Office of Utility Consumer  
Counselor  
PNC Center  
115 West Washington St., Suite  
1500 S  
Indianapolis, IN 46204

Todd A. Richardson  
Tabitha J. Lucas  
LEWIS & KAPPES, P.C.  
One American Square, Suite  
2500  
Indianapolis, Indiana 46282-  
0003



DeAnna L. Poon



Robert Heidorn

## EXHIBIT A

### PROCEDURAL CHANGES

BORING STANDARDS: Vectren North has added language to section 9.35 of its O&M manual to include more spot checks and additional reviews of the boring route against potential hazards or conflicts. These additional procedures provide multiple layers of review and thus further opportunity to ensure that utility crossings requiring exposure are adequately identified, reviewed and exposed prior to conducting directional drilling activities. A redline version of section 9.35 is attached as Exhibit A-1. It shows the changes made to the operating procedures related to Boring Safeguards.

LOCATING REQUIREMENTS: Vectren North will require its third-party locate contractor to locate facilities for Vectren initiated projects. Historically, the locate contractor has not located facilities for Vectren initiated projects, as the Company has relied exclusively upon its employees and contractors performing the work to locate its facilities. Enhancing locate requirements in this way should further minimize the risk of facilities damage and the unanticipated release of hazardous substances, like natural gas, by providing multiple locates of Company facilities. Vectren North has established a target effective date of August 1, 2012 to implement this new process; however, that date is subject to change depending upon two factors. First, to accommodate the increased volume, the contractor has to increase its staff and train those individuals to ensure their readiness to perform the work. The training takes approximately six (6) weeks. Second, changes to the contract with the third party locate contractor were necessary and are being finalized. The Priority 2 Alert is attached hereto as Exhibit A-2. It is a draft alert designed to communicate this change internally.

**ENGINEERING DESIGN STANDARDS:** Vectren North has revised its Work Order “Field Packet” Documentation Checklist. The revised checklist is divided into the following three sections: (1) Engineering Documents; (2) Maximo Attachment Documents, and (3) Crew Supplied Forms. In the “Engineering Documents” section, the following phrase has been added: “*Copy of existing main as-built*”. This addition will serve as a reminder to the engineer or technician to review as-built information and include as-built prints in the work order packet for key locations, if applicable and available, and should assist the construction crew in excavation planning. The revised checklist is attached as Exhibit A-3.

**EMERGENCY RESPONSE PROCEDURES:** Vectren North has added a provision to section 9.30 of its O&M manual to expressly require contractors to call the Company, 911 and Indiana 811 immediately upon the discovery of a class 1 or 2 leak, even if the contractor created the leak. Specifically, the following provision was added in December 2011:

***Reporting Damages***

When damage occurs to a natural gas or hazardous liquid facility that results in a release of product that may endanger life or cause serious bodily harm or damage to property, the excavator must promptly report to other appropriate authorities by calling the 911 emergency telephone number. In addition, in Indiana a call must be made to Indiana 811.

As a result of the settlement, this section was further updated to read:

**Reporting Damage**

When damage occurs to a natural gas or hazardous liquid facility that results in a release of product that may endanger life or cause serious bodily harm or damage to property, the excavator must promptly report the incident to appropriate authorities by **calling 911 and, in Indiana, 811. Furthermore, all contractors must call the Company.**

Vectren North employees are trained and qualified as first responders pursuant to the Company's ERP and will continue to be responsible for first responder duties. The required call will trigger the dispatch of the first responder. A redline version of O&M 9.30 is attached hereto as Exhibit A-4.

**JOB BRIEFINGS:** Vectren North will formalize a pre-project checklist, which will provide a consistent pre-project review regardless of the crew, inspector or supervisor working on a Bare Steel Cast Iron replacement project. The pre-project checklist will guide the discussion that occurs at the annual meeting Vectren North has with its contractors. Although most of the issues to be included on the pre-project checklist have been discussed previously at the annual meeting, the checklist has never been formalized. Formalizing this document, periodically reviewing and updating it, and using it to guide the discussions at the annual meeting will ensure that the message and expectations are consistently communicated from project to project.

#### **CONTRACTUAL CHANGES**

Over time, changes may occur to the Vectren North Master Services Agreement ("MSA"); however, Vectren North will ensure that provisions similar to the following appear in its MSA:

- **Indemnification Provision.** Vectren North will ensure that an indemnification provision is included in all MSAs entered into with contractors. The indemnification provision shall require contractors to indemnify and hold Vectren North harmless from and against all damages, claims, losses, expenses, etc. arising from the contractors' breach of their contractual obligations. The following indemnification provision will be added:

**Section 1.** Contractor knowingly and willingly agrees to defend, indemnify and hold harmless Company and its agents

and employees from and against all claims, damages, liabilities, losses and expenses (including but not limited to environmental claims, damages, liabilities, losses or expenses), including reasonable attorneys' fees incurred in the defense thereby, arising or claimed to have arisen in part or in whole out of the performance of this Agreement, except for any claims, damages liabilities, losses or expenses arising from the sole negligence or willful misconduct of Company. This provision includes, but is not limited to claims, damages, liabilities, losses, excavation spoils or expenses arising from the disposal of motor oil, lubricants, solvents, waste materials or liquids, or chemicals of any kind. This indemnification provision will survive termination of this Agreement.

Section 2. Contractor further agrees that Contractor shall indemnify and hold harmless Company and its agents and employees from and against any and all claims, damages, liabilities, losses or expenses arising or claimed to have arisen in part or in whole on account of or by reason of bodily injury, including death, which may be sustained or claimed to be sustained by any person, including, but not limited to the employees of Contractor, Company and/or any subcontractor or any other agents of Contractor.

Section 3. Contractor agrees to notify Company immediately (verbally followed promptly in writing), in the event any accident, injury or damage occurs during the course of Contractor's performance of Work in connection with this Agreement, or in the event that anyone makes any claim for damages alleged to have resulted from Contractor's performance or nonperformance in connection with this Agreement, or from any negligent act, omission or other fault of Contractor, its agents or employees.

Section 4. If Contractor obtains a release from any person for damages resulting from the performance of this Agreement, it shall not affect the Company's rights or Contractor's obligations herein. Contractor shall furnish to Company evidence of all such releases. Company may withhold any monies due to Contractor in addition to any other monies that are to be retained, until such evidence is furnished.

- Enforcement Provision. Vectren North will add a provision to its MSA that gives Vectren North the right to bar any contractor employee from engaging in Vectren North

work in the event an employee of the contractor is believed to have willfully violated Vectren North's policies and procedures or any applicable law or ordinance. The following provision will be added to Vectren North's standard MSA:

**4.1 Compliance with Applicable Laws.** Contractor shall possess at all times any and all permits or licenses required to perform the work hereunder. Contractor warrants that all work performed hereunder will be in strict compliance with all applicable federal, state and local laws, regulations and ordinances and in strict compliance with Company's Construction Standards and Policies, as the same may be amended from time to time; provided, however that Contractor's compliance with said Construction Standards and policies shall not relieve Contractor from any duties imposed by this Agreement, by law or otherwise to perform all work in a safe and responsible manner. Company reserves the right to bar any employee of Contractor from engaging in work for Company in the event Contractor's employee is believed to have willfully violated Company's policies and procedures, Construction Standards or any applicable law or ordinance.

Short of termination for violation of Company policies and procedures, the MSA will also set forth incremental training requirements for employees of contractors who fail to follow Company policies. The following provision will be added to the end of Section 4.1 above:

Furthermore, Company reserves the right, in its sole and absolute discretion, to require Contractor's employees to obtain additional training and/or recertification on any tasks or skills of any employee working on Company's project. However, Company's failure to require additional training or recertification does not absolve the Contractor of its obligation to ensure that all employees receive the training and certifications necessary to perform the work contemplated by this Agreement.

- **Termination Provision.** Vectren North will add the following termination provision to the MSA:

2.3 **Termination For Cause.** Notwithstanding anything to the contrary contained in this Agreement, Company may terminate this Agreement immediately “for cause” at any time upon the occurrence of any of the following events:

2.3.2 The breach of, or failure or refusal of Contractor to perform properly, Contractor’s duties or obligations under this Agreement, including but not limited to Contractor’s breach of or failure to comply with applicable state or federal statutes or regulations or Company’s policies, standards and regulations, as may be established by Company from time to time.

The primary purpose of these contractual changes is to ensure that contractors know that there are severe consequences when they fail to follow Company policies and procedures and state and federal laws and regulations.

**T**HIS SECTION PROVIDES REQUIREMENTS FOR INSTALLING **UNDERGROUND NATURAL GAS FACILITIES TRANSMISSION PIPELINES AND DISTRIBUTION MAINS BY BORING.**

#### GENERAL REQUIREMENTS

Because of the potential difficulty in verifying locations of existing underground facilities and/or subsurface conditions, special precautions must be taken when installing **underground natural gas facilities transmission pipelines and/or distribution mains** by any method of boring (e.g., directional, pneumatic, etc.). These precautions are intended to ensure as well as verify that proper clearance from other underground structures is maintained.

#### MAINTAINING CLEARANCE FROM OTHER UNDERGROUND FACILITIES

To ensure safe installation, operation, and maintenance of underground facilities, it is important to **research the existence and location of installed facilities and design the new facilities to be located as far as practical from known-existing underground gas facilities, and known existing underground structures of others.** Prior to any boring operation, the appropriate One Call agency shall be notified in advance to locate all underground structures and utilities. Make sure all existing underground facilities in the area of the bore are physically marked. In any event, when boring, proper clearances (as indicated in this section), from existing underground facilities must be maintained.

All underground structures and utilities that have been located within the construction limits which are in conflict with the proposed work shall be exposed to the required "approximate location" limits as outlined in O&M 9.31 - *Locating Procedures*, by either hand digging or vacuum excavation. Adequate clearances shall be verified in all situations.

When boring, physical verification of the bore head and reamer shall be at intervals deemed necessary for effective tracking. Positive location of the bore head in relation to existing facilities must be maintained at all times.

The field person responsible for the ~~overseer~~ of construction and the individual in charge of the specific bore operation will walk the intended route of the bore and document that they have reviewed the site, and that all utilities have been properly identified and located by signing and dating the construction drawings.

#### PRECAUTIONS

If during the boring operation it is felt that an unexpected object has been struck, the boring operation should be halted so that an investigation can be made to address the concern.

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DAMAGE PREVENTION PROGRAM

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OPERATING  
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UP COPY

~~Extreme elevation changes~~ Significant angular changes to the bore path should be limited as much as possible to eliminate cutting of the original bore path and during the pull back and back reaming operation(s).

**PARALLEL PIPELINE INSTALLATIONS**

Whenever the design location of the proposed facility to be bored will run parallel to any other underground facility, refer to Figure 1 and Table 1 to determine proper procedures for maintaining required clearances.

**NOTE:** *Open trenching might be required if proper clearance cannot be maintained or verified.*

- In Figure 1:
- A = The design location of the proposed facility to be bored
  - B = The existing facility to be paralleled
  - C = Points of exposure of the existing facility where the parallel excavation begins and ends
  - D = Point(s) where spot hole/verification is performed
  - E = Maximum distances between points of spot hole/verification
  - F = Separation distances to be maintained between the parallel facilities

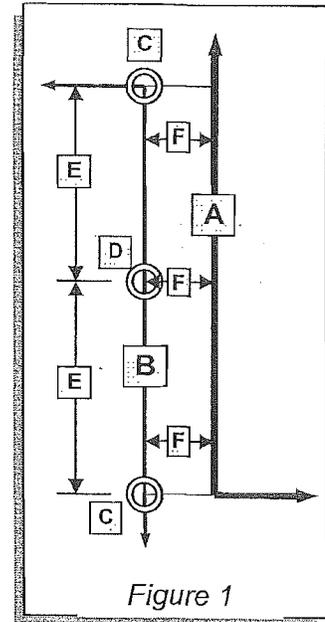


TABLE 1: MAINTAINING REQUIRED CLEARANCES WHEN BORING		
WHENEVER THE DESIGN LOCATION OF THE PROPOSED FACILITY (A) TO BE BORED WILL...	VERIFY CLEARANCE FROM OTHER FACILITIES (B) BY...	TO MAINTAIN SEPARATION (F) BETWEEN THE FACILITIES OF...
...Run parallel to an existing natural gas facility (B) that has a pressure of 60 psig or less	Exposure of the existing facility where the parallel excavation begins and ends (C), then spot verification (D) at least every 50-75 feet (E)	3 to 5 -7 feet <sup>2</sup>
...Run parallel to an existing natural gas facility (B) that is classified as Transmission or has a pressure greater than 60 psig or less	Exposure of the existing facility where the parallel excavation begins and ends (C), then spot verification (D) at least every 25-200 feet (E)	5 to 10 -13 feet <sup>2</sup>
Note: A Minimum clearance of five feet (5') must be maintained at all times when boring parallel to transmission gas pipelines or any pipeline that exceeds 60 psig.		
...Run parallel to an existing facility (B) other than a natural gas facility	Exposure of the existing facility where the parallel excavation begins and ends (C), and then spot verification (D) at least every 100-150-feet (E)	At least 3 feet

<sup>2</sup> In cases where the clearance of the bore path and the existing natural gas facilities is less than prescribed, proper authorization by the Engineering Manager or an appropriate representative of the Engineering department is required prior to boring. Document on the job plan and/or construction prints.

<sup>3</sup> Between the outside edge of locate marking for the existing facility and the inside (near) edge of the back reamer of the bore excavation for the facility being installed.

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OPERATING  
PROCEDURES**BORING SAFEGUARDS**MARKED  
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When separation between the bore and the existing facilities exceeds the parameters outlined in Table 1, normal safe boring practices shall be utilized.

#### PIPELINE CROSSINGS (PERPENDICULAR INSTALLATION)

Whenever the design location of the proposed facility to be bored will cross any other underground facility, it is important to maintain separation (12-inches from the largest diameter back reamer) between the facilities. To verify this separation, perform a spot hole/verification at the point of the anticipated crossing by either hand digging or vacuum excavation. All spot holes shall be excavated in a manner to prevent damage.

#### High Consequence Facilities

High Consequence Facilities include, but are not limited to: natural gas pipelines (mains and services), hazardous liquid facilities, electric facilities, water mains, telephone duct runs, toll cables, and fiber optic lines. When crossing High Consequence Facilities, spot holes will extend at least 24 inches on either side of the actual facility. Spot holes will also be extended at least 24 inches below the facility, or at a minimum, to a point below the planned depth of the bore. During the bore and pull back, spot holes shall be left open and monitored as the tooling passes over or under the High Consequence Facility. The passing of a rotating drill head or a back reamer within 24 inches of an exposed High Consequence Facility is strictly prohibited. This separation should account for the largest diameter back reamer that will be used during the boring process.

**NOTE:** If the proposed facility will cross a transmission pipeline of another gas or hazardous liquid operator, comply with the clearance requirements of that the line operator.

**NOTE:** See Vectren Safety Policy "Personal Protective Equipment Use While Boring Near Energized Cable".

#### **WARNINGS**

~~When installing a transmission pipeline or distribution main by boring in close proximity to high pressure transmission lines, consult with appropriate System Design and Planning department personnel to determine proper clearance requirements and spacing of spot verification excavations. Other deviations from these requirements (due to local conditions or restrictions, etc.) must be approved by the Planning Supervisor/Manager or an appropriate representative of the System Design and Planning department.~~

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*DAMAGE PREVENTION PROGRAM*

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*BORING SAFEGUARDS*

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O&amp;M Plan

**PRIORITY 3  
ALERT****TITLE:  
ZCOM - O&M - 7-24-12 - P3 - FACILITY LOCATING**

07/24/12

PAGE 1 of 1

**COMMUNICATION  
AND TRAINING**

To ensure complete understanding of this issue or topic, please provide this information and/or training to all affected personnel...

- *Within three working days for PRIORITY 1 issues, or*
- *A the next Safety Meeting for PRIORITY 2 and 3 issues.*
- *PRIORITY 3 issues require no tracking*

This Alert concerns changes to USIC's contract with Vectren to perform locates from requests received through Indiana and Ohio's One-Call Centers (811).

Under the current contract, USIC performs all line locates requests received through 811 when requested by others performing excavations near Vectren's facilities. Vectren and its contract labor crews would be responsible for locating Vectren's facilities within their construction area, with exception to the VEDI-S area. In the VEDI-S area, USIC performs all locates even those requested by Vectren or its contract labor crews.

Effective August 1, 2012, USIC will begin locating Vectren facilities for all requests received from the applicable One-Call Centers for the entire Vectren service territory. This includes those requested by Vectren or its contract labor crews.

Even with this change, Vectren and its contract crews are still responsible to perform their own locate and use available maps / records to verify what Vectren facilities are in their area of excavation.

**NEED MORE  
INFORMATION?**

If a question or comment arises that you cannot address, contact...

JOHN SPINKS  
(937) 440-1844

JOHN BURKE  
(317) 776-5566

SCOTT CHANDLER  
(812) 491-4546

DON MAY  
(317) 776-5540

MONTE MCMANIGELL  
(812) 348-6703

SCOTT KEIFER  
(937) 291-7107

RICK SLAGLE  
(812) 491-4611

TRACEY BRYANT  
(317) 776-5530

# Work Order "Field Packet" Documentation Checklist

Maximo Work Order #: \_\_\_\_\_ State: \_\_\_\_\_ County: \_\_\_\_\_ GIS Grid (map) #: \_\_\_\_\_  
 Oracle Project #: \_\_\_\_\_ Task: \_\_\_\_\_ City/Town: \_\_\_\_\_ Latitude: \_\_\_\_\_  
 Designer: \_\_\_\_\_ Tel: \_\_\_\_\_ Division: \_\_\_\_\_ Longitude: \_\_\_\_\_

Description: \_\_\_\_\_  
 Long Description: \_\_\_\_\_

	DESIGN		CREW		Form #	Description	
	Required	N/A	Completed	Quantity			
				Install			Retire
Engineering Documents	X				3311	Universal Loadsheet	
	X				3135	Regulator Station Modification Approval	
	X					Franchise Verification	
	X					Easement Documents	
	X					Railroad	
	X					DNR	
	X					State Highway	
	X					City	
	X					County	
	X					Other: _____	
						Copy of existing main as-built(s)	
						Copy of existing service card(s)	

Maximo Attachment Documents	X				3146	Pipe Specification Data Sheet (for steel pipe)
	X				3140	Pipe and Appurtenance Test Data for medium & low pressure (≤ 60 psig MAOP)
	X				3142	Pipe and Appurtenance Test Data for high pressure (>60 psig MAOP)
	X				3145	Pipe Joining Data
	X				3141	Purging Records
	X				3149	Holiday Detection Data
	X				3955	Cathodic Protection
	X				3920	Establish Test Point Report
	X				3370	Regulator Station Record
	X				3860	Sewer Conflict Record - Main Installation
	X				3314	Valve Record Card
	X				4211	Valve Review Sheet
	X				3185	System Operations Plan
						Job Briefing Form
						Customer Service & Meter Order Forms (copies in packet; <i>original to be turned in daily</i> )
						Change in Construction Form

Crew Supplied Forms					2000	Public Accident Report
					3020	Excavation Repair Report
					3105	Pipe Exam
					3303	Service Record Cards (copies in packet; <i>originals to be turned in weekly</i> )
					3861	Service Sewer Conflict Records
						Material List showing quantity of material issued, installed, scrapped, returned
						Copy of Vouchers / Receipts for other purchases (with Maximo#, Project #, Task #)
						Pressure Test Chart(s) - Stamp and <i>complete ALL information fields</i>
						As-Built Drawings - One (1) legible copy <i>clearly denoted with word "ASBUILT"</i>

Field Check (signatures): Installed by: \_\_\_\_\_ Crew Lead: \_\_\_\_\_  
 Inspector: \_\_\_\_\_ Date: \_\_\_\_\_  
 Operations Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

**T**HIS SECTION PROVIDES STANDARD OPERATING PROCEDURES FOR UTILIZING "ONE-CALL" PROGRAMS.

#### GENERAL

As part of its program to prevent damage to pipeline facilities during excavation, the Company participates in One-Call Programs throughout its service territory. One-Call Centers provide a toll-free telephone number for use by persons engaging in excavation activities, and distribute this information to member utilities with facilities in the proposed excavation area. Each utility operator is then responsible for marking the locations of its underground facilities at the excavation site.

Participating members are obligated to locate and mark their facilities in the immediate area of the proposed excavation within the interval prescribed by the applicable state law. To accomplish this, however, they may choose to have notice of excavation sent directly to agents performing facility locates.

#### APPLICABLE ONE-CALL PROGRAMS

The Company participates in the following One-Call Programs:

TABLE 1: ONE-CALL PROGRAMS IN WHICH THE COMPANY PARTICIPATES			
ONE-CALL CENTER	HOURS OF OPERATION	TOLL-FREE PHONE NUMBER	WEB SITE
 Indiana811	Open 24 hours a day, 7 days a week	(800) 382-5544	<a href="http://www.iupps.org">www.iupps.org</a>
 Ohio Utilities Protection Service (OUPS)	Open 24 hours a day, 7 days a week	(800) 362-2764	<a href="http://www.oups.org">www.oups.org</a>
 Kentucky Underground Protection, Inc. (KUPI)	7:00 am to 6:00 pm Mon.–Fri. (accepts only emergency calls outside normal business hours and holidays)	(800) 752-6007	<a href="http://www.kyunderground.com">www.kyunderground.com</a>

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## DAMAGE PREVENTION PROGRAM

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OPERATING  
PROCEDURES

## ONE-CALL PROGRAMS

12/28/11

## GIVING NOTICE OF INTENT TO EXCAVATE

State laws require all excavators—including those performing construction/maintenance activities for the Company—to serve notice via locate request of their intent to excavate, dig, bore, pile drive, blast, grade, demolish, or disturb the earth's surface in any way:

TABLE 2: REQUIREMENTS FOR NOTICE OF INTENT TO EXCAVATE

MINIMUM NOTICE PERIOD	LIMIT OF LOCATE PERIOD	LOCATE EXPIRATION	DAY TO RECONTACT ONE-CALL CENTER
Before commencing excavation, excavators must request locates by contacting...	A new notice is required if excavation has not begun within...	Locates expire on the...	If excavation work extends beyond the locate expiration, another locate must be requested by the...
 Indiana811 at least two full working days* (excluding weekends and holidays) but not more than 20 calendar days	20 days of the locate request	20 <sup>th</sup> day	18 <sup>th</sup> day (excluding weekends and holidays)
 OUPS at least 48 hours (excluding weekends and holidays) but not more than ten days	10 days of the locate request	When markings are destroyed or removed	Must wait 48 hours after remarkings request is made to OUPS
 KUPI at least two full business days* (excluding weekends and holidays)	10 days of the locate request	21 <sup>st</sup> day	19 <sup>th</sup> day (excluding weekends and holidays)

\* a working and business day as used in the O&M Plan are interpreted to be synonymous and are defined as in Indiana and Ohio a working day means every day except Saturday, Sunday, and state and national holidays and in Kentucky a business day means from 8 a.m. to 5 p.m. every day except Saturday, Sunday, and holidays established by federal or state statute.

The One-Call Centers can receive locate requests via:

- Phone (see toll free numbers in Table 1)
- Fax (requires One-Call Center authorization and training)
- Internet (requires One-Call Center authorization and training)

The person contacting the One-Call Center must provide information such as:

- City
- County/township
- Section (if known)
- Subdivision

*continued*

- Lot number
- Street address
- Cross street
- Latitude/longitude coordinates
- Highway mile markers
- Railroad mile posts
- Type of work
- Extent of work
- Party for whom the excavation work is being performed
- Contractor performing work
- Start date and time
- Call back telephone number
- Best time to call back
- Additional remarks

One-Call Centers will forward the request to each *participating* member company with buried facilities within the boundaries of the planned excavation.

#### EMERGENCY AND SHORT-NOTICE/ON-THE-JOB LOCATE REQUESTS

Emergency locates may be requested due to **imminent danger to life, health, property, or loss of service**. Emergency locates always take priority.

Short-notice locate requests are defined as: "Notifications of intent to excavate with less than the required notification period." They do not fit the criteria for an "emergency" locate. The Company is under no obligation to respond to a short-notice locate request before the prescribed notice period, but will attempt to locate when possible.



In **INDIANA**, short-notice locate requests are those with notification of less than two full working days. Two full working days notice is defined as: (2) two full working days from the time of the call, excluding weekends or holidays. For calls placed after hours (based on Eastern Daylight Savings [Indianapolis time] between 6:00 pm & 7:00 am weekdays, 24 hours weekends and holidays), advance notice will be 48 hours from 7:00 am on the next working day.



In **KENTUCKY**, short-notice locate requests are those with notification of less than two full business days. Two full business days notice is defined as: (2) two full business days from the time of the call, excluding weekends or holidays. For calls placed after hours (between 5:00 pm & 8:00 am weekdays, 24 hours weekends and holidays), advance notice will be 48 hours from 8:00 am on the next business day.



In **VEDO**, short-notice locate requests are those with notification of less than 48 hours, excluding weekends or holidays.

All emergency or short-notice locate requests require direct personal phone contact to One-Call Centers. One-Call Center operators cannot refuse a short-notice locate request; however, they will remind the caller of correct notification requirements.

#### RECEIVING LOCATE REQUESTS

Notifications from excavators are normally received by the One-Call Centers, who then forward these locate requests to the Company and/or an agent contracted by the Company to perform facilities locating. Company personnel receiving notice of any planned excavation directly from an excavator, either verbally or in writing, should direct the excavator to notify the One-Call Center. However, when this is not possible, the receiving Company personnel should:

- Document the locate request on a "Pipeline Location Record" (Form #3375; see Section 9.90 Records Exhibit "A")
- Arrange for the locate to be performed
- Advise the excavator that the Company is a member utility of One-Call Centers which enable the excavator to provide notification to all participating members via one toll-free phone number
- Encourage the excavator to contact the One-Call Center so that other member utilities can have an opportunity to mark their buried facilities before excavation

One-Call Centers will forward "emergency" locate requests received outside the Company's appropriate locating agent depending on responsibilities for the affected area. For those areas in which the Company is responsible for the locating, After-Hours Dispatch will communicate locate request information to appropriate Company personnel so they might respond in a timely manner. For all other areas, the locating agent is responsible for timely dispatching of their personnel.

#### LOCATE RECORDS

The Company and/or its agent will retain "Pipeline Location Records" and "Locate Tickets" received from One-Call Centers for 3 years as outlined in the Markout Policy.

#### UNDERGROUND FACILITIES MANAGEMENT

All One-Call Center member utilities are responsible for identifying parameters of their buried facilities. In conjunction with the One-Call Centers, the Company should identify all areas in which it has buried facilities. The Company should only receive locate notices of intent to excavate for those areas identified. However, as the Company expands into areas **not** previously identified as having facilities, the appropriate field Operations Center personnel will update mapping systems and notify the One-Call Centers **before** these facilities are installed, so that future excavation notifications will accurately reflect system changes/modifications.

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DAMAGE PREVENTION PROGRAM

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OPERATING  
PROCEDURES

ONE-CALL PROGRAMS

12/28/11

**REPORTING DAMAGES**

When damage occurs to a natural gas or hazardous liquid facility that results in a release of product that may endanger life or cause seriously bodily harm or damage to property, the excavator must promptly report the incident to other appropriate authorities by calling the 911 and, in Indiana, 811. Furthermore, all contractors must call the Company. emergency telephone number. In addition, in Indiana a call must be made to Indiana 811.

<b>O&amp;M 9.30</b>	<b>DAMAGE PREVENTION PROGRAM</b>	Page 6 of 6
<b>OPERATING PROCEDURES</b>	<b>ONE-CALL PROGRAMS</b>	12/28/11

**EXHIBIT "A"**

PIPELINE LOCATION RECORD  
 VECTREN ENERGY DELIVERY  
 FORM 3375

REQUEST NO.: \_\_\_\_\_ TIME REQUEST REC'D: \_\_\_\_\_ AM \_\_\_\_\_ PM \_\_\_\_\_ DATE: \_\_\_\_\_ COMPANY EMPLOYEE ARRIVED AT LOCATION \_\_\_\_\_: \_\_\_\_\_ AM/PM  
 DID WE HAVE PIPELINE INVOLVED: \_\_\_\_\_ YES \_\_\_\_\_ NO

COUNTY: \_\_\_\_\_ CITY: \_\_\_\_\_ HOW WERE PIPELINES MARKED?  
 TOWNSHIP: \_\_\_\_\_ SECTION: \_\_\_\_\_ PERMANENT MARKERS \_\_\_\_\_  
 TEMPORARY STAKES \_\_\_\_\_

LOCATION: \_\_\_\_\_ MAP FURNISHED \_\_\_\_\_ PAINT \_\_\_\_\_  
 ON SITE OBSERVATION \_\_\_\_\_ FLAGS \_\_\_\_\_

TYPE OF WORK: \_\_\_\_\_ EXCAVATION \_\_\_\_\_ OTHER (SPECIFY) \_\_\_\_\_

EXTENT OF WORK: \_\_\_\_\_

CALLER: \_\_\_\_\_ TITLE: \_\_\_\_\_

DESCRIPTION OF WORK PERFORMED (USE REVERSE SIDE IF NECESSARY) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_ START DATE: \_\_\_\_\_ START TIME: \_\_\_\_\_ AM \_\_\_\_\_ PM

BEST TIME TO CALL BACK: \_\_\_\_\_: \_\_\_\_\_ AM/PM CONTRACTOR: \_\_\_\_\_

CONTRACTOR INFO: \_\_\_\_\_

INFORMATION RECEIVED INDICATES THAT THIS CALL SHOULD RECEIVE: \_\_\_\_\_ IMMEDIATE \_\_\_\_\_ SCHEDULED ATTENTION

COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

RECEIVED BY: \_\_\_\_\_ TIME \_\_\_\_\_: \_\_\_\_\_ AM/PM COMPLETED BY: \_\_\_\_\_

DISPATCHED TO: \_\_\_\_\_ TIME \_\_\_\_\_: \_\_\_\_\_ AM/PM REQUESTING PARTY: \_\_\_\_\_