

LETTER OF CONCERN

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 6, 1998

Mr. Ernie Nepa
Governor Sproul Associates
1 Makefield Road
Morrisville, PA 19067

CPF No. 18003C

Dear Mr. Nepa:

On February 14, 1998, there was an explosion and fire at the Governor Sproul Apartment Complex (Lewis Building) in Broomall, Pennsylvania, due to a ruptured 2-inch PVC pipe transporting natural gas. The natural gas pipe was struck by mechanical equipment during construction of a ramp. The gas pipeline was reported to be not "marked" prior to the construction project. Governor Sproul Associates (GSA) purchases metered gas from an outside source, PECO Energy Company (PECO), for resale through a master meter system. The Federal Department of Transportation's Office of Pipeline Safety (OPS) has pipeline safety jurisdiction over this master meter system.

A representative from the OPS, Eastern Region Office, responded to the incident on February 14, 1998, and conducted a follow-up site visit on February 17, 1998. As a result, the OPS discovered deficiencies that need immediate attention. GSA operates a master meter system. Therefore, GSA must operate their master meter system in accordance with the Federal pipeline safety regulations, Title 49, CFR, Parts 191 & 192. The requirements of Title 49, CFR, Part 192 include, but are not limited to, the proper design, operation, maintenance and emergency procedures for natural gas pipeline systems. The OPS provided a copy of the Federal pipeline safety regulations and a copy of the, "Guidance Manual for Small Natural Gas Operators", to help you understand your pipeline safety obligations as a master meter operator. Based on the information gathered during our above visits, it appears that you were not aware of the Federal pipeline safety requirements and your system was not being operated or maintained under these regulations.

Following the incident, you indicated several times that GSA intends to replace the existing main with newer plastic pipe. You also stated that, if cost effective, GSA prefers the system to be modified such that GSA is no longer a master meter operator and each individual apartment is metered and billed separately. We acknowledge that you and your tenants were and will be faced with many challenges because of this incident. We also appreciate your responsiveness to our previous concerns. However, if you decide to continue to operate your master meter system, this office will need to take steps to ensure that you comply with the Federal pipeline safety regulations. This could include taking enforcement action as specified in Title 49, CFR, Part 190.

Please provide to this office **within 20 days** a letter which includes a time schedule with your plans to convert the existing master meter system to a pipeline system that would be operated by PECO or inform us of your plans to continue to operate your underground master meter pipeline system. Modifications to your system, where PECO becomes the operator, is encouraged because PECO has the resources and experience to design, operate, and maintain a gas distribution system.

We greatly appreciate your immediate attention to this matter. If you have any questions or need any additional information, please do not hesitate to contact Michael J. Khayata of my staff, on the following number (609) 989-2181 or you can contact my office directly at (202) 366-4580.

Sincerely,

William H. Gute
Eastern Region Director
Office of Pipeline Safety

MKHAYATA/sj/DPS-24/(609) 989-2181/3/6/98

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cc: DPS-22.1, DPS-24, NJDO, Mike, Atif, Phillip, Electronic File: Lea Coleman, Mike

Fax copies: Nepa, Joe Finnan/PA PUC, Mike