

STATE CORPORATION COMMISSION

AT RICHMOND,

CLERK'S OFFICE

COMMONWEALTH OF VIRGINIA, ex rel.

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STATE CORPORATION COMMISSION

DOCUMENT CONTROL

v.

CASE NO. URS-2007-00238

WASHINGTON GAS LIGHT COMPANY,

Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 et seq. ("Act"), formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized in § 56-257.2 B of the Code of Virginia.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards,

has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("WGL" or "Company"), the Defendant, and alleges that:

(1) WGL is a person within the meaning of § 56-257.2 B of the Code of Virginia; and

(2) The Company violated the Commission's Safety Standards and Virginia statutes by the following conduct:

- a) 49 C.F.R. § 192.13 (c) - Failing on two occasions to follow a procedure stated in WGL Design and Construction Manual Section 7300, for proper handling of materials;
- b) 49 C.F.R. § 192.303 - Failing on one occasion to construct a main in accordance with comprehensive written specifications found in WGL Safety Manual Section 6305, by not providing proper benching, sloping or shoring;
- c) 49 C.F.R. § 192.303 - Failing on one occasion to construct a gas main in accordance with comprehensive written specifications by failing to provide "jeep" settings to examine the pipe coating for holidays;
- d) 49 C.F.R. § 192.353 (a) - Failing on three occasions to properly install meters and regulators against vehicular damage that may be anticipated;
- e) 49 C.F.R. § 192.355 (b)(1) - Failing on one occasion to provide a service regulator vent that is insect resistant;
- f) 49 C.F.R. § 192.355 (b)(2) - Failing on twelve occasions to install a service regulator vent in a location where gas from the vent can escape freely into the atmosphere and away from any opening into the building;
- g) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Design and Construction Manual Section 4101, by not providing temporary marking of a buried pipeline;
- h) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Emergency Manual Section 1040, for conducting operations and maintenance activities developed to comply with 49 C.F.R. § 192.615 by not performing a section shut down to control the flow of gas that was creating a hazardous situation;

- i) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Design and Construction Manual Section 7510, for conducting operations and maintenance activities developed to comply with 49 C.F.R. § 192.225 by not following appropriate welding procedures;
- j) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Engineering and Operating Standards Section 4232, by not properly purging a plastic gas main;
- k) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow procedures to make construction records, maps, and operating history available to appropriate operating personnel as required by 49 C.F.R. § 192.605 (b)(3);
- l) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Safety Manual Section 6305, by not testing an excavation where oxygen deficiency, toxic substances, or hazardous atmospheres may exist;
- m) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Operations and Maintenance Manual Section 5232, by not following manufacturer's instructions for application of the anti-static spray and wrap combination;
- n) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow the written procedure found in WGL Engineering and Operating Standards Section 7730, Prevention of Plastic Pipe Static Electricity Discharge, by not grounding the cutting tool that was in direct contact with the pipe;
- o) 49 C.F.R. § 192.605 (a) - Failing on one occasion to pressure test a service in accordance with the written procedure found in WGL Engineering and Operations Standards Section 7702, by not including all piping up to the stopcock just before the meter/regulator assembly;
- p) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Engineering and Operations Standards Section 5374, by not taking Combustible Gas Indicator readings while in an Exposure Level 1 Activity;
- q) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow the written procedure found in WGL Safety Manual Section 6303, by not determining the level of exposure to a potential gaseous atmosphere before entering an excavation;
- r) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow the written procedure found in WGL Engineering and Operating Standards Section 1070, Natural Gas Related Incident Investigations, by not determining the cause of a natural gas related incident;

- s) 49 C.F.R. § 192.617 - Failing on one occasion to have failure investigation procedures to analyze accidents and failures for the purpose of determining the cause of a failure and minimizing the possibility of a recurrence; and
- t) 49 C.F.R. § 192.805 (a) - Failing to on one occasion to have and follow a written qualification program that identifies directional drilling as a covered task.

The Company neither admits nor denies these allegations but admits the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, WGL offers, agrees, and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Four Hundred Seventy-Nine Thousand One Hundred Twenty-Five Dollars (\$479,125), of which One Hundred Eighty-Nine Thousand Five Hundred Dollars (\$189,500) shall be paid contemporaneously with the entry of this Order. The remaining Two Hundred Eighty-Nine Thousand Six Hundred Twenty-Five Dollars (\$289,625) shall be due as outlined in paragraph (4) on pages 6 and 7, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely tenders the requisite certification as required by paragraph (3) on page 6. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company offers and agrees to undertake the following remedial actions set forth below:

A. On or before January 30, 2009, the Company shall:

- (i) Hold a meeting between the principals of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities, WGL's key operational staff, and a Division representative to discuss measures to improve compliance with the Commission's pipeline safety and damage prevention standards;
  - (ii) Sponsor a training session for the employees of each construction company installing, repairing, or maintaining the Company's jurisdictional gas pipeline facilities and the Division Staff relative to compliance with the Commission's pipeline safety and damage prevention standards;
  - (iii) Use the Company's Mobile Incident Command trailer for pipeline safety and damage prevention training and education of various stakeholders around the Company's service territory. When used in Virginia, the trailer shall prominently display Virginia's damage prevention educational messages on the outside of the trailer;
  - (iv) Support the Virginia Pilot Project Phase II<sup>1</sup> by donating \$10,000 to the Virginia Underground Utility Protection Service, Inc. ("VUPS") to be used for developing and testing technology needed by VUPS to support the Phase II;
  - (v) Support the development of a locator training curriculum<sup>2</sup> at the Southside Virginia Community College ("College") by donating \$50,000 to the College; and
  - (vi) Incorporate training regarding safe digging practices and the C.A.R.E. message and display and disseminate C.A.R.E. educational materials at its new Pipetown training facility.
- B. The Company shall relocate the service regulator vents in the Port Potomac Subdivision that are not in a place where the gas can escape freely to a location where the gas can escape freely into the atmosphere and away from any openings into buildings, as needed.

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<sup>1</sup> The purpose of the Virginia Pilot Project Phase II is to incorporate Global Positioning System (GPS) into underground utility locating devices. This project is expected to provide several benefits to the damage prevention program in Virginia.

<sup>2</sup> The funding for the locator training curriculum was initially provided on October 30, 2008, through a grant from the Virginia Tobacco Indemnification and Community Revitalization Commission.

- C. The Company shall develop a written program to find and relocate any other service regulator vents in its Virginia service territory that are not located in a place where the gas can escape freely into the atmosphere and away from openings into buildings. The written program shall be submitted to the Division by no later than January 30, 2009. The Company shall implement the program and complete it within a time frame agreed upon by the Division.
- D. The Company shall revise its construction, operation, and maintenance procedures to:
  - (i) Provide for a failure investigation that adequately determines the cause of a failure so that appropriate actions can be taken to minimize the recurrence.
  - (ii) Provide a qualified welding procedure for X-65 pipe that is qualified under Section 5 of American Petroleum Institute's 1104, Welding of Pipelines and Related Facilities, 19th edition, 1999, including Errata October 31, 2001.
  - (iii) Develop a "tip" card to issue to operating personnel performing holiday detection measurements to ensure that the proper settings are used on the holiday detector equipment.
  - (iv) Provide a procedure for use by emergency dispatchers to know the location of Company Emergency Response personnel on call to ensure that the appropriate personnel are dispatched to minimize response times for emergency calls.
- E. The Company shall revise its Operator Qualification Program to include directional drilling as a covered task pursuant to 49 C.F.R. § 192.805 (a) and develop the requisite qualification and evaluation materials and course outlines.

(3) On or before February 17, 2009, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of WGL certifying that the Company has begun to perform or has completed the remedial actions set forth in paragraph (2) A on pages 4 and 5 and completed the remedial actions found in paragraphs (2) B, (2) C, (2) D, and (2) E on pages 5 and 6.

(4) Upon timely receipt of said affidavit, the Commission may vacate up to Two Hundred Eighty-Nine Thousand Six Hundred Twenty-Five Dollars (\$289,625) of the fine

amount set forth in paragraph (1) on page 4 hereof. Should WGL fail to tender the affidavit required by paragraph (3) on page 6 or fail to begin to take the actions required by paragraph (2) on pages 4, 5, and 6, a payment of Two Hundred Eighty-Nine Thousand Six Hundred Twenty-Five Dollars (\$289,625) shall become due and payable, and the Company shall immediately notify the Division of the reasons for WGL's failure to accomplish the actions required by paragraphs (2) and (3) hereof. If upon investigation the Division determines that the reason for said failure justifies a payment lower than Two Hundred Eighty-Nine Thousand Six Hundred Twenty-Five Dollars (\$289,625), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due, and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of WGL's cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking of the amounts paid by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2007-00238.
- (2) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by WGL be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, WGL shall be fined the amount of Four Hundred Seventy-Nine Thousand One Hundred Twenty-Five Dollars (\$479,125), which may be suspended and subsequently vacated in part as provided in paragraph (4) at pages 6 and 7 hereof.

(4) The sum of One Hundred Eighty-Nine Thousand Five Hundred Dollars (\$189,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Two Hundred Eighty-Nine Thousand Six Hundred Twenty-Five Dollars (\$289,625) is due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in paragraph (2) found on pages 4, 5, and 6 of this Order and files the timely certification of the remedial actions as outlined in paragraph (3) on page 6.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further orders of the Commission.

AN ATTESTED COPY hereof shall be sent to: Terry McCallister, President, Washington Gas Light Company, 6801 Industrial Drive, Springfield, Virginia 22151; Meera Ahamed, Esquire, Washington Gas Light Company, 101 Constitution Avenue, NW, Washington, DC 20080; and the Commission's Office of General Counsel, Office of the Commission Comptroller, Division of Utility and Railroad Safety, and Division of Public Utility Accounting.



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STATE CORPORATION COMMISSION

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CASE NO. URS-2007-00238

WASHINGTON GAS LIGHT COMPANY,

Defendant

ADMISSION AND CONSENT

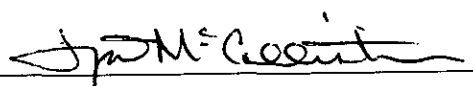
The Defendant, Washington Gas Light Company, admits the jurisdiction of the Commission as to the party and subject matter hereof and, without admitting or denying the allegations made herein by the Division of Utility and Railroad Safety, hereby consents to the form, substance, and entry of the foregoing Order of Settlement. The Defendant acknowledges that the Order of Settlement entered herein is a public record and is subject to review by the public.

The Defendant further states that no offer, tender, threat or promise of any kind has been made by the Commission or by any member, officer, agent or representative thereof in consideration of this Admission and Consent.

Date: December 22, 2008

Washington Gas Light Company

By:



Title:

President & COO