

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 3, 2013

STATE CORPORATION COMMISSION
PUBLIC SERVICE OFFICE

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2013-00175

COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, 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-1989-00052,¹ 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

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

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 Columbia Gas of Virginia, Inc. ("CGV" or "Company"), the Defendant; and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following

conduct:

- (a) 49 C.F.R. § 192.317 (b) - Failure of the Company to protect an above ground main from accidental damage by vehicular traffic or other similar causes, either by being placed at a safe distance from the traffic or by installing barricades.
- (b) 49 C.F.R. § 192.321 (c) - Failure of the Company to install plastic pipe so as to minimize shear or tensile stresses.
- (c) 49 C.F.R. § 192.321 (e) - Failure of the Company to provide a means of locating plastic pipe while it is underground.
- (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operating & Maintenance Manual Procedure OMP 1650, Continuing Surveillance, developed to comply with 49 C.F.R. § 192.613 (a), by not taking appropriate action in response to unusual operations and maintenance conditions.
- (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard 1100.050, Paragraph 3 "Damage Prevention – Using Trenchless Technology," by not checking the boring equipment to assure the bore is progressing as planned.
- (f) 49 C.F.R. § 192.605 (a) - Failure on nine (9) occasions of the Company to follow its Procedure, GS 1708.100, Section 2, developed to comply with 49 C.F.R. § 192.617, by incorrectly reporting the leak cause on Company leak repair forms.
- (g) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of pipeline at a pressure less than the weakest element in the segment.

- (h) 49 C.F.R. § 192.707 (c) - Failure of the Company to maintain line markers along each section of a main that is located above ground in an area accessible to the public.
- (i) 49 C.F.R. § 192.707 (d) (2) - Failure of the Company to label a pipeline marker with the Company's name and emergency telephone number.
- (j) 49 C.F.R. § 192.721 (b) (2) - Failure on thirty-six (36) occasions of the Company to patrol a main on a structure where anticipated physical movement or external loading could cause failure or leakage outside a business district, at intervals not exceeding 7 1/2 months, but at least twice each calendar year.
- (k) 49 C.F.R. § 192.741 (a) - Failure of the Company to have functioning telemetering equipment or recording pressure gauges at a regulator station to indicate the pressure in the downstream system.

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, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Seven Thousand Dollars (\$207,000), which shall be paid contemporaneously with the entry of this Order. The payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) This settlement does not prohibit the Staff of the Commission ("Staff") from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff.

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

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-2013-00175.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by the Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Two Hundred Seven Thousand Dollars (\$207,000), which shall be paid contemporaneously with the entry of this Order.

(4) The sum of Two Hundred Seven Thousand Dollars (\$207,000) tendered contemporaneously with the entry of this Order is accepted.

(5) Pursuant to Undertaking Paragraph (2), this settlement does not prohibit the Staff from submitting, in any present or future Commission proceeding involving CGV, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Staff in such a proceeding.

(6) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Dan Cote, Vice President – Pipeline Safety and Compliance, Columbia Gas of Virginia, Inc.,
1809 Coyote Drive, Chester, Virginia 23836; and a copy shall be delivered to the Commission's
Office of General Counsel, Office of the Commission Comptroller, and Divisions of Utility and
Railroad Safety and Utility Accounting and Finance.

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Defendant

ADMISSION AND CONSENT

The Defendant, Columbia Gas of Virginia, Inc., 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: 8/16/13

Columbia Gas of Virginia, Inc.

By: 

Title: VP - PSTC