

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND,

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

WASHINGTON GAS LIGHT COMPANY,

Defendant

CLERK'S OFFICE

2009 SEP 25 P 4:41

DOCUMENT CONTROL

CASE NO. URS-2009-00042

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 B of the Code of Virginia, 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 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 by the following conduct:
 - (a) 49 C.F.R. § 192.319 (b)(2) - Failing on one occasion to backfill a gas main in a manner that prevents damage to the pipe and pipe coating from equipment or the backfill material;
 - (b) 49 C.F.R. § 192.353 (a) - Failing on two occasions to follow Company Procedure 5111, page 4, by not installing a meter within a building in a readily accessible location;
 - (c) 49 C.F.R. § 192.353 (c) - Failing on two occasions to install a meter within a building in a ventilated place;
 - (d) 49 C.F.R. § 192.353 (c) - Failing on one occasion to install a meter with not less than 3 feet of clearance to a source of ignition;
 - (e) 49 C.F.R. § 192.355 (b)(2) - Failing on two occasions to install a service regulator in a place where gas from the vent can escape freely into the atmosphere and away from any opening into the building;
 - (f) 49 C.F.R. § 192.361 (d) - Failing on four occasions to install a plastic service line in a manner to protect against piping strain and external loading;
 - (g) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow procedures for continuing surveillance, as required by 49 C.F.R §192.613 (a) by failing to recognize a change in class location and odorize the pipeline as required by 49 C.F.R §192.625 (b);
 - (h) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow procedures developed to comply with 49 C.F.R §192.605 (b)(3) by not making construction records, maps, and operating history available to appropriate operating personnel;
 - (i) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 4101, developed to comply with 49 C.F.R §192.614 (c)(5), by not providing temporary marking of a buried pipeline;

- (j) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure 7140 developed to comply with 49 C.F.R §192.463 by installing an anode above the main;
- (k) 49 C.F.R. § 192.625 (b) - Failing on one occasion to odorize a transmission line after more than 50% of the length of the transmission line was in a Class 3 location; and
- (l) 49 C.F.R. § 192.805 (b) - Failing on one occasion to ensure through evaluation that individuals performing covered tasks are qualified to perform 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 Two Hundred Seventy-three Thousand Five Hundred Dollars (\$273,500), of which One Hundred Nine Thousand Five Hundred Dollars (\$109,500) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Sixty-four Thousand Dollars (\$164,000) shall be due as outlined in undertaking Paragraph (5) on page 5 of this Order, 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 undertaking Paragraph (3) on page 4 of this Order. 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 of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197;

(2) The Company shall undertake the following remedial actions:

- (a) On or before September 30, 2009, the Company shall install and place in service a permanent odorizer and associated equipment to odorize the natural gas delivered by its Strip 25 transmission pipeline in accordance with 49 C.F.R. § 192.625 (b).

- (b) On or before September 30, 2009, the Company shall take over the operation and maintenance of the gas system that serves the Fairfax Villa Apartments located in Fairfax, Virginia.
- (c) The Company shall implement a four-year program commencing five days from the issuance of this Order to inspect all meters and service regulator vents located within any buildings to ensure compliance with the requirements found in 49 C.F.R. § 192.353 (a) and (c) for meters and 49 C.F.R § 192.355 (b)(2) for service regulators. The Company's inspection schedule shall include per year, as best as practicable, at least one-fourth of the number of buildings needing to be inspected. Any corrective actions required for a meter or service regulator vent must be taken within 90 days of the date of the inspection of that meter or service regulator vent, or within 120 days of the date of the inspection for a large complex. For the purpose of this paragraph a large complex is defined as a group of buildings that contain 100 or more meters or service regulators. In the event that the Company cannot complete the corrective actions within the specified time frame, the Company shall notify the Division and submit a revised schedule for the corrective actions that is acceptable to the Division.
- (d) The Company shall design, implement, and make available to the public by October 15, 2009, an Internet website to promote gas safety in Virginia. This website shall include, among other things, downloadable lesson plans for elementary school teachers on topics of natural gas characteristics, natural gas system operation, how to recognize gas leaks and what to do, and Dig with C.A.R.E. The website shall also contain information helpful to first responders when they respond to gas incidents. The design of the website shall be acceptable to the Division.

(3) On or before October 30, 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 the remedial actions as set forth in undertaking Paragraph (2) (c) and completed the actions in Paragraph (2) (d) above.

(4) The Company has complied fully with the terms and undertakings outlined in undertaking Paragraphs (2) (a) and (2) (b) above. Documentation evidencing the installation of the odorizer and associated equipment and the take-over of the operation and maintenance of the gas systems that serve the Fairfax Villa Apartments has been submitted to the Division.

(5) Upon timely receipt of the affidavit required in undertaking Paragraph (3) above, the Commission may suspend and subsequently vacate up to One Hundred Sixty-four Thousand Dollars (\$164,000) of the fine amount set forth in undertaking Paragraph (1) on page 3 of this Order. Should WGL fail to tender the affidavit required by undertaking Paragraph (3), or fail to begin to take the actions required by undertaking Paragraph (2) on pages 3 and 4, a payment of One Hundred Sixty-four Thousand Dollars (\$164,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for its failure to accomplish the actions required by undertaking Paragraphs (2) and (3) above; and if upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Sixty-four Thousand Dollars (\$164,000), 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.

(6) Any fines paid in accordance with this Order shall not be recovered in the Company's rate as part of WGL's cost of service. Any such fines and costs 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 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-2009-00042.
- (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 pay the amount of Two Hundred Seventy-three Thousand Five Hundred Dollars (\$273,500), which may be suspended and subsequently vacated in part as provided for in undertaking Paragraph (5) on page 5 of this Order.

(4) The sum of One Hundred Nine Thousand Five Hundred Dollars (\$109,500) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Sixty-four Thousand Dollars (\$164,000) 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 undertaking Paragraphs (2) (c) and (2) (d) found on page 4 of this Order, and files the timely certification of the remedial actions as outlined in undertaking Paragraph (3) found on page 4 of this Order.

(5) This case is hereby 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: 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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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: 9/14/09

Washington Gas Light Company,

By: [Signature]

Title: President & COO