

100530208

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 10, 2010

FILED
2010 MAY 10 PM 2:58

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00053

COLUMBIA GAS OF VIRGINIA, INC.,

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

- (1) CGV 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. § 192.303 - Failing on one occasion to construct a main in accordance with Company Procedure 644-12, developed to comply with 49 C.F.R. § 192.281 (c)(3), by not producing a gas tight electrofusion joint;
 - (b) 49 C.F.R. § 192.303 - Failing on one occasion to construct a main in accordance with Company Procedure 640-1(11), developed to comply with 49 C.F.R. § 192.325 (b), by not achieving proper separation between a pipeline and other utilities;
 - (c) 49 C.F.R. § 192.327 (b) - Failing on one occasion to install a main with at least 24 inches of cover;
 - (d) 49 C.F.R. § 192.353 (a) - Failing on eight occasions to install meter and regulator protection against vehicular damage that may be anticipated;
 - (e) 49 C.F.R. § 192.355 (b)(2) - Failing on one occasion to install a service regulator vent in a location where gas from the vent can escape freely into the atmosphere;
 - (f) 49 C.F.R. § 192.361 (a) - Failing on one occasion to install a service line with at least 12 inches of cover on private property;
 - (g) 49 C.F.R. § 192.361 (g) - Failing on one occasion to comply with 49 C.F.R. § 192.321 (e), which states that plastic pipe that is not encased must have an electrically conducting wire or other means of locating the pipe;
 - (h) 49 C.F.R. § 192.605 (a) - Failing on two occasions to follow Company Procedure, 640-10, Section 2.3, by not utilizing a squeeze-off at least five pipe diameters from a fusion or mechanical fitting;
 - (i) 49 C.F.R. § 192.605 (b) - Failing on two occasions to have adequate procedures for squeezing off a pipeline by not specifying the required distance of 3 pipe diameters or 12 inches, whichever is greater, that a squeeze off can be from any fusion joint, mechanical connection, prior squeeze off point, or second squeeze off point;

- (j) 49 C.F.R. § 192.619 (a) - Failing on one occasion to operate a steel pipeline within the established maximum allowable operating pressure;
- (k) 49 C.F.R. § 192.805 - Failing on one occasion to identify pneumatic boring as a covered task, and ensure through evaluation that individuals performing covered tasks (pneumatic boring) are qualified;
- (l) 49 C.F.R. § 192.805 - Failing on one occasion to identify directional drilling as a covered task, and ensure through evaluation that individuals performing covered tasks (directional drilling) are qualified; and
- (m) 49 C.F.R. § 193.2625 (a) - Failing on one occasion to determine which metallic components could have their integrity or reliability adversely affected by external corrosion at the Company's LNG Plant.

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, CGV represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Twenty-one Thousand Dollars (\$121,000), of which Thirty-two Thousand One Hundred Twenty-five Dollars (\$32,125) shall be paid contemporaneously with the entry of this Order. The remaining Eighty-eight Thousand Eight Hundred Seventy-five Dollars (\$88,875) shall be due as outlined in Undertaking Paragraph (7) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (4), (5), and (6) herein. 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 shall undertake the following remedial actions:

- (a) Participate in the Division's 2010 Pipeline Safety Conference and present the results of the Company's investigation regarding the improper bonding of electrofusion on a high volume tapping tee at Route 10 and Bermuda Triangle Road in Chester, Virginia.
- (b) On or before November 20, 2009, the Company shall replace the natural gas service to 219 South 16th Avenue in Hopewell, Virginia to ensure proper cover, proper separation from other utilities, and the ability to locate their pipeline.
- (c) On or before July 1, 2010, the Company shall revise its Squeeze Off Procedure in accordance with the recommendations from Plastic Pipe Institute and train employees that perform such tasks.
- (d) On or before July 1, 2010, the Company shall revise its Operator Qualification Program to identify directional drilling and pneumatic boring as covered tasks and train employees that perform such tasks in accordance with 49 C.F.R. § 192.805.
- (e) On or before December 31, 2010, the Company shall replace the two water/ethylene glycol lines located at the Madison Heights LNG Plant with an above ground configuration so these lines can be monitored for corrosion.
- (f) Identify all regulator stations serving five hundred customers or more, where there is a lack of telemetry, by December 31, 2014. The Company shall commit at least \$100,000 each year through December 31, 2014 to install telemetry at stations where such equipment is needed. The Company shall submit progress reports to the Division once each year through 2014, by no later than December 31st of that year. This report shall, at a minimum, include the total number of stations requiring telemetry, the number of stations where telemetry equipment was installed during each calendar year and the locations where the installation of telemetry was determined to be impractical.

(3) The Company has complied fully with the terms and undertakings outlined in Undertaking Paragraph (2)(b) above. Documentation evidencing that the natural gas service line to 219 South 16th Avenue in Hopewell, Virginia was reinstalled with proper cover, proper separation from other utilities, and that the new service line is locatable has been submitted to the Division.

(4) On or before July 1, 2010, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2)(c) and (2)(d) above and the Company has begun to perform the remedial actions set forth in Undertaking Paragraphs (2)(e) and (2)(f) above.

(5) On or before December 31, 2010, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraphs (2)(a) and (2)(e) above.

(6) On or before December 31, 2014, CGV shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the General Manager of Columbia Gas of Virginia, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2)(f) above.

(7) Upon timely receipt of said affidavits, the Commission may suspend up to Eighty-eight Thousand Eight Hundred Seventy-five Dollars (\$88,875) of the amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender the affidavits required by Undertaking Paragraphs (4), (5), and (6) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Eighty-eight Thousand Eight Hundred Seventy-five Dollars (\$88,875) shall become due and payable, and the Company shall immediately notify the Division of the reasons for CGV's failure to accomplish the actions required by Undertaking Paragraphs (2), (4), (5), and (6) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Eighty-eight Thousand Eight Hundred Seventy-five Dollars (\$88,875), 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.

(8) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates as part of CGV's cost of service. 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 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-2010-00053.

(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 CGV be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, CGV shall pay the amount of One Hundred Twenty-one Thousand Dollars (\$121,000), which may be suspended and subsequently vacated in part as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Thirty-two Thousand One Hundred Twenty-five Dollars (\$32,125) tendered contemporaneously with the entry of this Order is accepted. The remaining Eighty-eight Thousand Eight Hundred Seventy-five Dollars (\$88,875) 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 Paragraph (2) of this Order and files the

timely certification of the remedial actions as required by Undertaking Paragraphs (4), (5), and (6) of this Order.

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

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Dan Cote, General Manager, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Post Office Box 35674, Chester, Virginia, 23236; 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 Public Utility Accounting.

100530208

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

RECEIVED

APR 29 2010

UTILITY AND RAILROAD SAFETY
VIRGINIA STATE CORPORATION COMMISSION

AT RICHMOND,

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00053

COLUMBIA GAS OF VIRGINIA, INC.,

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: 04-12-2010

Columbia Gas of Virginia, Inc.,

By: 

Title: GENERAL MANAGER