

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 25, 2010

100650162

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2009-00338

VIRGINIA NATURAL GAS, 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 Virginia Natural Gas, Inc. ("VNG" or "Company"), the Defendant, and alleges that:

- (1) VNG 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. § 192.453 - Failure to have all of the corrosion control procedures required by §192.605 (b)(2), including those for the design, installation, operation, and maintenance of cathodic protection systems, carried out by, or under the direction of, a person qualified in pipeline corrosion control methods;
 - (b) 49 C.F.R. § 192.465 (a) - Failure on multiple occasions to demonstrate that it has tested each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463;
 - (c) 49 C.F.R. § 192.465 (a) - Failing on two occasions to demonstrate that at least 10 percent of the protected pipeline short sections distributed over the entire system have been surveyed (tested for adequacy of the cathodic protection) each calendar year, with a different 10 percent surveyed each subsequent year, culminating in the entire system being tested in the previous 10-year period;
 - (d) 49 C.F.R. § 192.465 (d) - Failing on multiple occasions to take prompt remedial action to correct any deficiencies indicated by the cathodic protection monitoring; and
 - (e) 49 C.F.R. § 192.469 - Failing on multiple occasions to provide each pipeline under cathodic protection with sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

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, VNG represents and undertakes that:

- (1) The Company shall pay to the Commonwealth of Virginia the amount of One Million Three Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$1,365,250), of which Eight Hundred Thousand Dollars (\$800,000) shall be paid contemporaneously with the entry of this

Order. The remaining Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250) shall be due as outlined in Undertaking Paragraph (6) herein, and may be suspended and subsequently vacated in whole or in part by the Commission, provided the Company timely takes the actions required in Undertaking Paragraphs (2) and (4) herein and tenders the requisite certification as required by Undertaking Paragraph (5) 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:

Cathodic Protection

(a) VNG shall employ an outside consultant to perform an independent evaluation ("Evaluation") of the policies, procedures, operation, maintenance, and facilities of the Company's cathodic protection corrosion control program.¹ The Evaluation, which is currently underway, shall determine, among other things, if the Company's corrosion control field practices are in compliance with 49 C.F.R. Part 192 and the applicable National Association of Corrosion Engineer Standards. The Company shall provide the Division with weekly location sheets for the

¹ The Division advises that the Company has been fully cooperative with the Division's investigation. According to the Company and the Division, VNG has already entered into a Master Service Contract with Corpro Companies, Inc. to be the Consultant for the purpose of performing the Evaluation functions. The Company has advised the Division that Phase I of the Evaluation, performed as part of the Master Service Contract, has been completed. The Scope of Work for Phase II of the Evaluation ("Cathodic Protection System and Program Evaluation"), to be performed as part of the Master Service Contract between VNG and the Consultant, is included as Attachment A to this Order. According to the Company and the Division, the Company consulted with the Division when it prepared Attachment A, and Attachment A represents the scope of work of the Evaluation contemplated by the parties when they reached settlement. The Company represents that it is fully committed to developing and ensuring an effective cathodic protection program.

Consultant's field work. All of the Consultant's documents, reports, and records submitted to VNG shall be provided simultaneously to the Director of the Division of Utility and Railroad Safety. The Company shall complete all of the remediation and other corrective actions determined by the Consultant and mutually agreed to by the Company and the Division to be appropriate or necessary during the course of the Evaluation by July 31, 2011. If VNG disagrees with and desires not to implement any one or more of the Consultant's recommendations, the Company shall immediately notify the Division in writing of such disagreement, and include an explanation for its disagreement. In the event of such a disagreement, the Division shall decide whether or not the recommendation should be implemented by the Company; provided, however, nothing herein shall prevent the Company from seeking review by the Commission. The Company shall not seek to recover from ratepayers in any present or future Commission proceeding, any of the costs associated with the remedial actions required by this Undertaking Paragraph (2)(a).²

(b) On or before June 30, 2010, VNG shall hire an additional full time employee (Corrosion Control Supervisor) on its staff who is qualified pursuant to 49 C.F.R. § 192.453 to carry out the corrosion control procedures required by Subpart I of 49 C.F.R. Part 192 and 49 C.F.R. § 192.605 (b)(2). This individual must report directly to the Compliance and System Integrity Manager, who reports to the Vice President of Operations for VNG. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011 in connection with the remedial actions required by this

² If any capital is required to be deployed associated with this requirement, treatment of that capital shall be consistent with the provisions in 2(e) below.

Undertaking Paragraph (2)(b), or otherwise defer such costs for future recovery from ratepayers.³

(c) On or before July 1, 2010, VNG shall begin revising its operations and maintenance manuals procedures relative to corrosion control to provide detailed section guide procedures for the Company's employees to use for compliance activities. As these procedures are revised, the Company shall train personnel and implement the procedures. The Company shall complete the training and implementation of these procedures by no later than March 31, 2011. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011, in connection with the remedial actions required by this Undertaking Paragraph (2)(c), or otherwise defer such costs for future recovery from ratepayers.

Construction

(d) On or before September 30, 2010, VNG shall enhance the Company's quality control for construction related activities by, among other things, increasing the number of Company's construction inspectors by six (6) full time employees, the number of utility expeditors by two (2) full time employees, the number of Contract Inspectors by one (1) full time employee, and the number of Construction Supervisors by one (1) full time employee. The Company shall not seek to recover from ratepayers, in any present or future Commission proceeding, any of the costs incurred on or before July 31, 2011, in connection with the remedial actions required by this

³ If any capital is required to be deployed associated with this requirement, treatment of that capital shall be consistent with the provisions in 2(e) below.

Undertaking Paragraph (2)(d), or otherwise defer such costs for future recovery from ratepayers.

(e) On or before July 31, 2011, VNG shall complete a minimum of Fifteen Million Dollars (\$15,000,000) of pipeline replacement projects throughout the Company's operating area. These projects shall include, but are not limited to, those found in Attachment B to this Order.⁴ The estimated project completion dates for each of the projects shall be provided to the Division no later than 30 days prior to commencement of the project. The estimated completion dates shall be acceptable to the Division and project progress reports shall be shared with the Division quarterly. VNG shall not seek recovery of any costs associated with the minimum of Fifteen Million Dollars (\$15,000,000) of pipeline replacement projects that are incurred on or before July 31, 2011, including, but not limited to, depreciation, taxes, and carrying costs, in any present or future Commission proceeding or otherwise defer such costs for future recovery from ratepayers.⁵ All costs shall be timely booked in accordance with the Uniform System of Accounts prescribed for Natural Gas Companies subject to the Provisions of the Natural Gas Act.⁶ In addition, none of the costs incurred in connection with such replacement projects on or before July 31, 2011, shall be recovered from ratepayers pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act⁷, Chapter 26 of Title 56 (§§ 56-603 *et seq.*) of the Code.

⁴ The Company began these replacement projects in January, 2010.

⁵ The Company shall not seek recovery of the costs for the period prior to July 31, 2011. However, the Company may seek recovery for costs associated with the un-depreciated net book value of those assets including, but not limited to, depreciation, taxes, and carrying costs related to periods after July 31, 2011.

⁶ Contained within § USC 18 C.F.R. 201.

⁷ Originally approved in the 2010 Virginia Acts of Assembly, c. 142 (effective July 1, 2010).

(3) The Company has complied fully with the terms and undertakings outlined in undertaking Paragraph (2)(b) above. Documentation evidencing the hiring and employment of Corrosion Control Supervisor has been submitted to the Division.

(4) Beginning July 1, 2010, and each three months thereafter until August 31, 2011, or as otherwise required, VNG shall provide a written report to the Division's Director, in a format acceptable to the Division, describing in detail the actions it has taken, and the expenditures it has made, to comply with the requirements of Undertaking Paragraph (2) above.

(5) On or before August 31, 2011, VNG will tender to the Clerk of the Commission with a copy to the Director of the Division, a notarized affidavit signed by the President of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (2) above.

(6) Upon timely receipt of the affidavit required by Undertaking Paragraph (5) above, the Commission may suspend and subsequently vacate up to Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250) of the remaining amount as set forth in Undertaking Paragraph (1) above. Should VNG fail to tender said affidavit, or fail to take the actions required by Undertaking Paragraphs (2) and (4) above, a payment of Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250) shall become due and payable, and the Company shall immediately notify the Division of the reasons for VNG's failure to accomplish the actions required by Undertaking Paragraphs (2) and (4) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Five Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250), 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.

(7) This settlement does not prohibit 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 Commission Staff.

(8) Any amounts paid to the Commonwealth of Virginia in accordance with this Order shall not be recovered in the Company's rates as part of VNG'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 journal entries made to record such amounts 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-2009-00338.
- (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 VNG be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, VNG shall pay the amount of One Million Three Hundred Sixty-five Thousand Two Hundred Fifty Dollars (\$1,365,250), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.
- (4) The sum of Eight Hundred Thousand Dollars (\$800,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Five Hundred

Sixty-five Thousand Two Hundred Fifty Dollars (\$565,250) 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) and (4) above and files the timely certification of the remedial actions required by Undertaking Paragraph (5) above.

(5) The Company shall not recover the costs of the remedial actions described herein from ratepayers except as provided in Undertaking Paragraph (2) above.

(6) Pursuant to Undertaking Paragraph (7), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving VNG, 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 Commission Staff in such a proceeding.

(7) 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: Jodi Gidley, President, Virginia Natural Gas, Inc., 150 West Main Street, Suite 1510, Norfolk, Virginia, 23510; 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.

Cathodic Protection System and Program Evaluation

The following outlines the Consultant's scope of work associated with Phase II of the ongoing evaluation process being performed as part of a Master Service Contract with VNG. The objectives of this scope of work are to evaluate and assess cathodic protection (CP) systems at VNG in order to develop and ensure an effective CP program. In particular, emphasis will be placed on the following areas:

- All pipe sections with sub-criteria potential $> -0.85\text{v}$, and a corrosion leak history
- All pipe sections with sub-criteria potential and no leak history
- All pipe sections with marginal potential, -0.85v to -0.90v , and a corrosion leak history
- All pipe sections with $> -0.90\text{v}$ and a corrosion leak history of 3 or more leaks

The Consultant will physically inspect and test these sections of pipe in an effort to clearly define system integrity, program effectiveness and recommend remedial action and/or procedural changes. Once these areas are addressed, an overall evaluation of VNG's 2010 CP data set will be conducted. An engineered approach will then be developed to determine if it is necessary to conduct additional field testing.

VNG will review unrepaired leak data to determine if additional field testing is required. Based on this evaluation, Phase II scope may be amended to incorporate additional provisions.

A wide array of assessment tools, field test equipment and methodologies will be required to meet the established goals and objectives. During the field assessments, weekly progress reports and monthly field test reports will be submitted to the Company. Location sheets of planned activities for the each week will be provided to the Company prior to the start of each work week. Periodic meetings will be scheduled with key VNG personnel to ensure close communication, proper compilation of data, engineering analysis of the data and preparation of graphs and charts. Finally, a comprehensive report will be provided to VNG at the end of the project. This report will be simultaneously provided to the Virginia State Corporation Commission's Division of Utility and Railroad Safety ("Division") for the Division Staff's information, review, and comments. A subsequent meeting with the Division will be scheduled and the Consultant's Principal Engineer and Project Manager will be made available as deemed appropriate by VNG.

Using sound engineering judgment, the Consultant will choose the appropriate tasks/tools from the list below that are considered necessary to determine the health of the system and make recommendations on each system evaluated and assessed.

- (1) Potential Mapping – Whereas close interval surveys are likely not cost effective or practical for the distribution piping systems being evaluated, potential mapping is a viable assessment tool. The field engineers will typically collect electrical potential

measurements between the available test stations at intervals not to exceed 250 feet between readings (unless a valid, documented explanation is provided). Problem areas, direct connected galvanic anodes, additional system appurtenances which are commonly found between test points will also be mapped. The data collected will assist in verifying the previously reviewed test data. Furthermore, the potential mapping will serve as a valuable tool to identify sub-criterion measurements as well as verify protected pipe sections.

- (2) Identify the Adequacy of Test Points – The applicable state and federal regulations indicate that an "adequate" number of test stations are required to demonstrate the effectiveness of cathodic protection system. This broad requirement will be considered in terms of test station frequency determination. The potential mapping will be valuable in making this determination and recommending, where necessary additional test points are needed.
- (3) Current Requirement Measurements – Current requirement testing will be conducted with the use of temporary ground-beds and a portable current source. The data will be used to determine the actual current required to achieve accepted levels of cathodic protection. This information will be valuable, particularly on the pipe sections of sub-criterion protection as it will help in determining the coating quality. Ultimately, this information will be used to decide whether a system should be replaced or whether it can be economically cathodically protected.
- (4) Electrical Continuity Measurements – Continuity measurements will be obtained on suspected "shorted" piping and used as a verification tool. Typically, if a cathodically protected system is electrically shorted to adjacent or foreign metallic structures, the cathodic protection system is probably not meeting accepted levels of corrosion control. Additionally, dielectric fittings such as unions may be defective, which can negatively impact the system integrity.
- (5) Resistivity Testing - In-situ soil resistivity measurements using the Wenner four-electrode surface technique as described in ASTM G57 will be obtained based upon a review of the cathodic protection data. Resistivity data is useful in determining the corrosivity of an area which can significantly impact the functionality of galvanic anodes.
- (6) Anode Current Output – In practical and accessible areas, magnesium anode current outputs will be obtained at test station locations. The values will be used to determine the functionality of the anodes and to estimate their remaining service life.
- (7) Identify Practicality of Achieving Protection by Means of Galvanic Anodes
Based on the data analysis, associated soil resistivity measurements and current requirement measurements, the effectiveness of using galvanic anodes will be determined. This is especially useful in determining the practicality of using a galvanic versus an impressed current system to protect the pipe in question.

- (8) Verification and Collection of Pipe-to-Soil Data at Test Points – Phase I of this project involved an analysis of pipe-to-soil measurements, predominantly from above grade test stations. This method will be utilized to verify the validity of all of the Phase I data as well as determine the validity of the testing procedures. Test station data will also be taken remotely at intervals of sufficient spacing and number to validate procedures and Phase I data.
- (9) Electrical Isolation Testing –For systems requiring such action, above grade flanges, dressers, couplings and insulated unions will be tested to determine the integrity and effectiveness of their electrical isolation quality utilizing a Gas Electronics #601. This device is capable of locating shorted bolts and can evaluate partially shorted insulators. Underground insulators requiring such action will be tested using, the Gas Electronics #701. The results of this testing will be extremely valuable for troubleshooting pipe sections.
- (10) Verification of Annual CP Data – Many of the test methods listed above will be utilized to determine and verify the validity of the previously collected potential measurements. VNG Corrosion technicians will be observed to verify proper use of equipment, including data loggers, half cells, multi-meters, and other equipment used in the course of their respective cathodic protection duties. Verification of proper use of equipment will also include calibration and data collection procedures.

The following are the defined deliverables for Phase II of the Corrosion Program Evaluation:

(a) Data Collection and Analysis

- (1) Produce weekly location sheets for Consultant field activities prior to commencement of the activities.
- (2) Produce weekly progress and monthly field test reports that reference the work conducted and recommended remediation by segment.
- (3) Schedule periodic meetings at two week intervals to discuss findings and ensure close communication.
- (4) Produce a comprehensive report and detailed spreadsheet with data compilation, graphs, and engineering analysis of each section of pipe assessed.
- (5) Provide detailed recommendations for possible remediation associated with each pipe sections.
- (6) Subsequent presentation to the Virginia State Commission Corporation's Division of Utility and Railroad Safety.

(b) Post Corrective Action

After VNG has completed any recommended remediation and/or corrective action, Consultant's Project Manager will conduct verification of the cathodic protection system effectiveness and the results of the corrective action. This condition assessment will provide the assurance that the integrity of the cathodic protection is sound and that effective corrosion control measures are currently in place.

(c) 2010 Annual Survey Data Analysis

Immediately upon completion of the evaluation / analysis of the emphasized segments, an engineered approach will be used to determine if it is necessary to conduct field testing over any of the other cathodically protected pipeline segments based on a review of the 2010 CP data set.

Although the Phase II scope is stated per the aforementioned, variances in field conditions should allow latitude in terms of considering other assessment techniques when necessary as approved by VNG. This engineered approach and potential changes in assessment decisions will be specific to actual VNG conditions.

VNG Pipeline Renewal Projects

Existing Pipe Mileage												
Projects	Region	Construction Year	STL (mi)	C (mi)	W (mi)	PLS (mi)	ALDYL-A (mi)	Bare Steel (mi)	Coated Steel (mi)	Total Existing Pipe Mileage	Total Estimated Project Cost	Grand Total
												\$15,514,000
E Pembroke Ave	Northern	2010	5.39				0.17	1.53	3.86	5.56	\$1,400,000	
Mapleton Ave	Southern	2010	6.16				0.02	0.00	6.16	6.18	\$1,400,000	
Orcutt Ave	Northern	2010	10.10				0.27	2.52	7.58	10.37	\$2,250,000	
17th St	Northern	2010					0.19	0.00	0.00	0.19	\$67,000	
Kenosha Ave	Southern	2010	5.32					0.00	5.32	5.32	\$1,500,000	
Beach Rd	Northern	2010	1.53				0.09	1.51	0.02	1.62	\$474,000	
Wilson St (Smith St Phase I)	Southern	2010	0.30			0.12		0.30	0.00	0.42	\$63,000	
Aberdeen II	Northern	2010	10.99	0.10			0.07	7.02	3.97	11.16	\$2,400,000	
Country Club Rd	Northern	2010	0.04					0.00	0.04	0.04	\$17,000	
Chesterfield Rd (Wesumminster Ave)	Southern	2010	4.34	1.04			0.03	0.16	4.18	5.41	\$543,000	
Freeman Ave	Southern	2010	1.68	1.72			0.20	0.00	1.68	3.60	\$900,000	
W Ocean View (Phase I and II)	Southern	2010	2.49	1.24			0.30	0.00	2.49	4.03	\$2,400,000	
W Pembroke Ave	Northern	2010	2.56	3.33			0.49	1.61	0.95	6.38	\$1,500,000	
Bayville Rd	Southern	2010	0.04	1.17			0.75	0.00	0.04	1.97	\$600,000	
Grand Total			50.94	8.51	0.10	0.12	2.59	14.64	36.30	62.26	\$15,514,000	

Attachment B



Virginia Natural Gas™

An *AGL Resources Company*

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Norfolk, Virginia 23510-1775

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100650162

June 21, 2010

Mr. Massoud Tahamtani
Director
Division of Utility and Railroad Safety
Virginia State Corporation Commission
P.O. Box 1197
Richmond, VA 23218-1197

Re: NPV – Case No. URS-2009-00338

Dear Mr. Tahamtani:

In settlement of the above-referenced NPV, Case No. URS-2009-00338 dated June 18, 2010, Virginia Natural Gas is returning the executed Order of Settlement for this case together with a check for \$800,000.00.

If you have questions, please call me at 757-616-7501.

Sincerely,

Jodi S. Gidley
President

Enclosures

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND,

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2009-00338

VIRGINIA NATURAL GAS, INC.,

Defendant

ADMISSION AND CONSENT

The Defendant, Virginia Natural Gas, 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: 6/21/10

Virginia Natural Gas, Inc.

By: Jodi S. Gidley
Jodi S. Gidley

Title: President