

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 30, 2010

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00166

WASHINGTON GAS LIGHT COMPANY,
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, 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

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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. § 192.273 (b) - Failing on one occasion to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gastight joints;
 - (b) 49 C.F.R. § 192.361 (b) - Failing on one occasion to use backfill for a service line free of materials that could damage the pipe and pipe coating;
 - (c) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow Company Procedure Section 5232 (Prevention of Plastic Pipe Static Electricity Discharge) by not adhering to the manufacturer's instructions for application of the anti-static spray and wrap combination; and
 - (d) 49 C.F.R. § 192.725 (b) - Failing on one occasion in the Shenandoah Gas Division to test each service line temporarily disconnected from the main from the point of disconnection to the service line valve in the same manner as a new service line, before reconnecting.

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 represents and undertakes that:

- (1) The Company shall pay to the Commonwealth of Virginia the amount of Forty-five Thousand One Hundred Twenty-five Dollars (\$45,125), of which Thirty-nine Thousand One Hundred Twenty-five Dollars (\$39,125) shall be paid contemporaneously with the entry of this Order. The remaining Six Thousand Dollars (\$6,000) shall be due as outlined in Undertaking Paragraph (4) 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 certification as required by Undertaking Paragraph (3) 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) On or before September 15, 2010, the Company shall revise its Procedure Section 5232 (Prevention of Plastic Pipe Static Electricity Discharge) to better control static electricity on plastic pipe surfaces and train the appropriate employees to follow the revised procedure.

(3) On or before September 15, 2010, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) above.

(4) Upon timely receipt of the affidavit required by Undertaking Paragraph (3) above, the Commission may suspend and subsequently vacate up to Six Thousand Dollars (\$6,000) of the amount set forth in Undertaking Paragraph (1) above. Should WGL fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Six Thousand Dollars (\$6,000) 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 Undertaking Paragraph (2) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Six Thousand Dollars (\$6,000), 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.

(5) Any amounts paid in accordance with Undertaking Paragraph (1) of 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 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-2010-00166.
- (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 Forty-five Thousand One Hundred Twenty-five Dollars (\$45,125), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Thirty-nine Thousand One Hundred Twenty-five Dollars (\$39,125) tendered contemporaneously with the entry of this Order is accepted. The remaining Six Thousand Dollars (\$6,000) 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 Paragraph (2) of this Order and files the timely certification of the remedial actions as required by Undertaking Paragraph (3) 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 to: Adrian Chapman, President, Washington Gas Light Company, 6801 Industrial Drive, Springfield, Virginia, 22151; Meera Ahamed, Esquire, Washington Gas Light Company, 101 Constitution Avenue, N.W., Washington, D.C. 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.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND,

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UTILITY AND RAILROAD SAFETY
VIRGINIA STATE CORPORATION COMMISSIONCOMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00166

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: 7/22/2010

Washington Gas Light Company

By: Adrian P. Chapman
President & COO

Title: _____