

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 21, 2012

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2012-00237

ROANOKE GAS 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.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas

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<sup>1</sup> *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).

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 Roanoke Gas Company ("RGC" or "Company"), the Defendant, and alleges that:

- (1) RGC is a person within the meaning of § 56-257.2 B of the Code of Virginia.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.199 (e) - Failure on one occasion of the Company to install a relief valve so that it will have discharge stacks, vents, or outlet ports located where gas can be discharged into the atmosphere without undue hazard.
  - (b) 49 C.F.R. § 192.241 (b) - Failure on two occasions of the Company to nondestructively test the welds on a pipeline to be operated at a pressure that produces a hoop stress of 20% or more of specified minimum yield strength.
  - (c) 49 C.F.R. § 192.479 (a) - Failure on one occasion of the Company to clean and coat a pipeline that is exposed to the atmosphere with a material that is suitable for the prevention of atmospheric corrosion.

The Company neither admits nor denies these allegations but admits to 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 Thirty-five Thousand Five Hundred Dollars (\$35,500), of which Seven Thousand Dollars (\$7,000) shall be paid contemporaneously with the entry of this Order. The remaining Twenty-eight Thousand Five Hundred Dollars (\$28,500) 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 by Undertaking Paragraphs (2) and (3) herein and tenders the requisite certifications as required by Undertaking Paragraphs (4) and (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 of the Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company will inspect all relief valve installations in its system to ensure compliance with 49 C.F.R. § 192.199 (e) and promptly correct any deficiencies noted. The inspections and corrective actions shall be completed no later than September 1, 2013.

(3) The Company will use high accuracy global positioning system (GPS) and tablet technologies to locate accurately the Company's critical valves and corrosion protection stations and incorporate this information in a new mapping geographic information system (GIS). The Company will procure the necessary hardware, software, and other resources to complete this project no later than March 1, 2014.

(4) On or before September 15, 2013, RGC shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of RGC, certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (2) above.

(5) On or before March 15, 2014, RGC shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the President of RGC, certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (3) above.

(6) Upon timely receipt of the affidavits required by Undertaking Paragraphs (4) and (5) above, the Commission may suspend and subsequently vacate up to Twenty-eight Thousand Five Hundred Dollars (\$28,500) of the amount set forth in Undertaking Paragraph (1) above. Should

RGC fail to tender the affidavits required by Undertaking Paragraphs (4) and (5) above, or fail to take the actions required by Undertaking Paragraphs (2) and (3) above, a payment of Twenty-eight Thousand Five Hundred Dollars (\$28,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for RGC's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Twenty-eight Thousand Five Hundred Dollars (\$28,500), 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) 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 Division'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-2012-00237.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Roanoke Gas Company be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Roanoke Gas Company shall pay the amount of Thirty-five Thousand Five Hundred Dollars (\$35,500), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Seven Thousand Dollars (\$7,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Twenty-eight Thousand Five Hundred Dollars (\$28,500) 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 (3) of this Order and tenders the requisite certifications of the remedial actions as required by Undertaking Paragraphs (4) and (5) of this Order.

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

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
John B. Williamson III, President, Roanoke Gas Company, 519 Kimball Avenue, N.E., Roanoke, Virginia 24016; 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, Roanoke Gas 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: 8/3/12

Roanoke Gas Company

By: 

Title: Chairman, President & CEO

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