

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 1, 2011

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00389

COLUMBIA GAS OF VIRGINIA, INC.,

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

conducted various inspections of records, and 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. § 192.225 (b) - Failing on one occasion to record in detail each welding procedure, including the results of the qualifying tests;
  - (b) 49 C.F.R. § 192.355 (b)(1) - Failing on one occasion to have a regulator vent that is insect resistant;
  - (c) 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 having an active gas pipeline facility accurately displayed on a company service record card;
  - (d) 49 C.F.R. § 192.605 (a) - Failing on one occasion to follow procedures by utilizing a backhoe for tamping, which caused damage to a tapping tee;
  - (e) 49 C.F.R. § 192.619 (a) - Failing on one occasion to operate a segment of a pipeline below the maximum allowable operating pressure; and
  - (f) 49 C.F.R. § 192.723 (b)(2) - Failing on multiple occasions to perform a leakage survey on cathodically unprotected distribution lines subject to § 192.465(e) on which electrical surveys for corrosion are impractical, at least once every 3 calendar years at intervals not exceeding 39 months.

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 Two Hundred Forty-four Thousand Dollars (\$244,000), of which Seventy Thousand Dollars (\$70,000) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Seventy-four Thousand Dollars (\$174,000) 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 (3), (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) On or before May 30, 2011, the Company shall conduct a study of its system to identify those regulator stations in which debris or other contaminants within the gas stream may cause the system to exceed its maximum operating pressure, and submit to the Division a list of the stations needing corrective measures with the specific actions the Company plans to take to correct the deficiencies found for each station. On or before December 30, 2012, the Company shall have corrected all deficiencies found by installing filters, relief valves, or other equipment as appropriate and acceptable to the Division.
  - (b) On or before December 30, 2011, the Company shall replace 353 cathodically unprotected steel services throughout its system.
  - (c) On or before April 1, 2011, the Company shall revise its welding procedures to conform with API 1104 and train employees that perform such tasks.
  - (d) On or before May 30, 2011, the Company shall modify its construction record ("as-built") process to ensure that the Company prepares and maintains accurate installation records of its underground utility lines. Additionally, the Company shall implement a program to review its existing facility records and address any issues found promptly.

(3) On or before April 11, 2011, 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)(c) above.

(4) On or before May 31, 2011, 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)(d) above and the Company has begun to perform the remedial actions set forth in Undertaking Paragraph (2)(a) above.

(5) On or before December 30, 2011, 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)(b) above.

(6) On or before December 31, 2012, 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)(a) above.

(7) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to One Hundred Seventy-four Thousand Dollars (\$174,000) of the amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender the affidavits required by Undertaking Paragraphs (3), (4), (5), and (6) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Seventy-four Thousand Dollars (\$174,000) 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), (3), (4), (5), and (6) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Seventy-four Thousand Dollars (\$174,000), 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.

(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-2010-00389.
- (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 Two Hundred Forty-four Thousand Dollars (\$244,000), part of which may be suspended and subsequently vacated in part as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Seventy Thousand Dollars (\$70,000) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Seventy-four Thousand Dollars

(\$174,000) 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 required by Undertaking Paragraphs (3), (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 to: Dan Cote, General Manager, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Post Office Box 35674, Chester, Virginia 23836; 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,

**RECEIVED**  
MAR 22 2011

UTILITY AND RAILROAD SAFETY  
VIRGINIA STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2010-00389

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: 03-15-2011

Columbia Gas of Virginia, Inc.,

By: 

Title: 