

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 22, 2011

CLERK'S OFFICE

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

DOCUMENT CONTROL

v.

CASE NO. URS-2011-00128

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

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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. § 192.361(d) - Failing on one occasion to install a service line so as to minimize anticipated piping strain;
 - (b) 49 C.F.R. § 192.805 (b) - Failing on one occasion to ensure through evaluation that individuals performing covered tasks: H2, Install, Repair, Replace Gas Service Lines and Excavation and Backfilling and M8, Install, Replace, Repair Main Lines, are qualified;
 - (c) 49 C.F.R. § 192.805 (b) - Failing on multiple occasions to ensure through evaluation that individuals performing covered tasks: G-2, Horizontal Directional Drilling and G-3, other Boring Methods, are qualified;
 - (d) 49 C.F.R. § 192.805 (f) - Failing on multiple occasions to communicate changes that affect covered tasks: OQ Task G-2, Horizontal Directional Drilling and OQ Task G-3, other Boring Methods, to individuals performing those covered tasks;
 - (e) 49 C.F.R. § 192.907 (a) - Failing on two occasions to follow Company Procedure IMP 6-19, developed to comply with ASME B31.8S-2004, by not properly repairing two (2) gouges discovered during an integrity assessment; and
 - (f) 49 C.F.R. § 192.907 (a) - Failing on one occasion to have adequate procedures for evaluating Third-Party Damage as described in Table 4 of ASME B31.8S-2004.

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 Eighty-nine Thousand Five Hundred Dollars (\$289,500), of which One Hundred Forty-six Thousand Five Hundred Dollars (\$146,500) shall be paid contemporaneously with the entry of this Order. The remaining One Hundred Forty-three Thousand Dollars (\$143,000) 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 Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3), (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, 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 October 15, 2011, the Company shall revise its Operator Qualification Program for individuals that perform locating, leak survey, and meter reading activities to identify potential risks including, but not limited to, facilities located under structures, placement of regulators/meters, and atmospheric corrosion, as abnormal operating conditions. The Company shall communicate the change and train individuals that perform such tasks in accordance with §192.805 by no later than December 15, 2011.
- (b) On or before August 1, 2011, the Company shall provide the Division with a listing of all pipelines that were installed by directional drilling and pneumatic boring from July 1, 2010, to April 15, 2011. On or before September 1, 2011, the Company shall develop a plan to excavate and test a statistically significant sample size from the aforementioned list to ensure the integrity of the listed pipelines at a 95% confidence level. On or before, April 1, 2012, the Company shall provide the results to the Division along with descriptions of all actions taken to correct any issues discovered.
- (c) On or before August 1, 2011, the Company shall train all individuals that perform directional drilling and pneumatic boring to OQ task G-2, Horizontal Directional Drilling, and OQ task G-3, other Boring Methods.

- (d) On or before October 1, 2011, the Company shall revise its Procedures to include evaluation criteria for Third-Party Damage as described in Table 4 of ASME B31.8S-2004.
- (e) On or before October 1, 2011, the Company shall revise its Operator Qualification Program to include evaluation criteria for Third-Party Damage as described in Table 4 of ASME B31.8S-2004. The Company shall communicate the change and train individuals that perform such tasks in accordance with §192.805.
- (f) On or before September 1, 2011, the Company shall excavate the two gouges on the Harrisonburg transmission pipeline caused by excavation during the recent integrity assessment examination and conduct an evaluation of the gouges and perform the appropriate repair.
- (g) On or before October 1, 2011, the Company shall implement the study outlined in Attachment A to this Order to evaluate new and emerging locate technology, with a final report submitted to the Division on or before October 1, 2013, detailing the study results.
- (h) On or before September 1, 2011, the Company shall begin a comprehensive review of its records and identify active distribution main and service line "stubs" throughout its service area. The Company shall document the presence of each stub and communicate the approximate location of these stubs to the appropriate Company and contract locator employees to assist them in locating these stubs in response to notices of excavation. The review of the records shall be completed by no later than April 1, 2012. On or before January 1, 2012, CGV shall begin an abandonment program to remove the identified stubs from service. The abandonment program shall be completed by no later than December 31, 2016, or earlier, should the Company's distribution integrity management program require more prompt action.

(3) On or before August 24, 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, Inc., certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (2)(c) above.

(4) On or before October 15, 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, Inc., certifying that the Company has completed the remedial actions set forth in Undertaking Paragraphs (2)(a), (2)(d), (2)(e), (2)(f), and (2)(g) above.

(5) On or before January 15, 2017, 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, Inc., certifying that the Company has completed the remedial actions set forth in Undertaking Paragraph (2)(h) above.

(6) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to One Hundred Forty-three Thousand Dollars (\$143,000) of the amount set forth in Undertaking Paragraph (1) above. Should CGV fail to tender the affidavits required by Undertaking Paragraphs (3), (4), and (5) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of One Hundred Forty-three Thousand Dollars (\$143,000) 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), and (5) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than One Hundred Forty-three Thousand Dollars (\$143,000), 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.

(7) 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-2011-00128.
- (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 Eighty-nine Thousand Five Hundred Dollars (\$289,500), which may be suspended and subsequently vacated, in whole or in part, as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of One Hundred Forty-six Thousand Five Hundred Dollars (\$146,500) tendered contemporaneously with the entry of this Order is accepted. The remaining One Hundred Forty-three Thousand Dollars (\$143,000) 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), and (5) 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, 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.

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COLUMBIA GAS OF VIRGINIA, INC.,

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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: 07/25/2011

Columbia Gas of Virginia, Inc.,

By: 

Title: GM

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UTILITY AND RAILROAD SAFETY
VIRGINIA STATE CORPORATION COMMISSION