

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 29, 2016

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2016-00219

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.¹ The Commission is authorized to enforce the Safety Standards for natural gas

¹ *Commonwealth of Virginia, At the relation of the 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).

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facilities under § 56-257.2 B of the Code of Virginia ("Code"), 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 Columbia Gas of Virginia, Inc. ("Company" or "CGV"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.225 (a) - Failure of the Company on two occasions to have welding procedures qualified under section 5 of API 1104 or section IX of the ASME Boiler and Pressure Vessel Code.
 - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company on 13 occasions to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gas tight joints.
 - (c) 49 C.F.R. § 192.273 (b) - Failure of the Company to make a joint in accordance with written procedures by not torquing a compression nut to 80 pounds as required by the manufacturer's procedure.
 - (d) 49 C.F.R. § 192.321 (e) - Failure of the Company to install a plastic pipeline with a means of locating it.
 - (e) 49 C.F.R. § 192.361 (a) - Failure of the Company to install a service line on private property with at least 12 inches of cover.
 - (f) 49 C.F.R. § 192.361 (d) - Failure of the Company on two occasions to install a service line so as to minimize anticipated piping strain by exceeding the allowed bending radius of the pipe.
 - (g) 49 C.F.R. § 192.465 (b) - Failure of the Company to inspect three rectifiers six times each calendar year with intervals not exceeding two and one-half months to insure they are operating.
 - (h) 49 C.F.R. § 192.477 - Failure of the Company to monitor each test coupon from steel pipelines two times each calendar year with intervals not exceeding seven and one-half months.
 - (i) 49 C.F.R. § 192.491 (c) - Failure of the Company on seven occasions to maintain a record of required atmospheric corrosion inspections in sufficient detail to demonstrate the adequacy of corrosion control measures.
 - (j) 49 C.F.R. § 192.53 (c) - Failure of the Company to use materials which have been qualified for use with natural gas.

- (k) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1308.010, Section 5.4, by not properly inspecting a socket fusion.
- (l) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.055, Section 3.1 (b), by not locating a gas facility prior to barholing.
- (m) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.070, Section 3 (h), by not conducting an investigation to determine if secondary damage had occurred.
- (n) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1760.010, Section 2 (l), by not rechecking a valve box with a combustible gas indicator.
- (o) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.022, by not classifying a leak discovered during routine leakage surveys.
- (p) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1714.010, by not taking prompt actions to evacuate premises and notify emergency responders of a Grade 1 leak present.
- (q) 49 C.F.R. § 192.605 - Failure of the Company to follow its Operations Gas Standards, GS 1708.070, by not checking the building foundations in the immediate vicinity of a leak for concentrations of gas at foundation walls.
- (r) 49 C.F.R. § 192.605 - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.10, by three of its employees not wearing flame resistant ("FR") clothing while working on a leak.
- (s) 49 C.F.R. § 192.605 - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.10, by three of its contractor employees not wearing FR clothing while working on a leak.
- (t) 49 C.F.R. § 192.605 - Failure of the Company to have an adequate procedure for ensuring the proper temperature of the heating plate while performing socket fusion.
- (u) 49 C.F.R. § 192.605 - Failure of the Company on three occasions to follow its Operations Gas Standards, GS 1650.020, by not recognizing, documenting, and notifying the appropriate personnel that a regulator vent was located too close to a potential ignition source.
- (v) 49 C.F.R. § 192.605 - Failure of the Company on two occasions to follow its Operations Gas Standards, GS 1680.040 (5) (e), by not locating the squeeze-off tool a minimum of 12 inches from an electrofusion fitting.
- (w) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Health, Safety, Environmental Standards, HSE 4100.010, by not wearing the appropriate personal protective equipment in an area with an uncontrolled release of gas.
- (x) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1150.010, by not keeping occupants of a building away from an area with uncontrolled blowing gas.
- (y) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 2300.020, Section 20, by not having station identification signs on points of entry at one of its facilities.

- (z) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1450.010, Section 1, developed to comply with 49 C.F.R. § 192.479 (a), by not cleaning and coating a portion of a pipeline that is exposed to the atmosphere.
- (aa) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1450.010, Section 3.1, by not promptly notifying the appropriate Company personnel for further guidance when an area of atmospheric corrosion was found on a Company owned transmission line.
- (bb) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1760.010, Section 2 (d) (1), by not labeling a valve box lid correctly.
- (cc) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations Gas Standards, GS 1650.010, Section 1, developed to comply with 49 C.F.R. § 192.613 (b), by not taking action to correct the lateral movement of a pipeline at a regulator station.
- (dd) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures for barholing.
- (ee) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures, developed to comply with 49 C.F.R. § 192.505 (d), by not including provisions for the strength test requirements for components other than pipe that are replaced or added to a pipeline.
- (ff) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of a pipeline at a pressure less than the weakest element in the segment.
- (gg) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to properly install equipment at a pressure regulating station so that it is protected from conditions that might prevent proper operation.
- (hh) 49 C.F.R. § 192.751 - Failure of the Company to minimize the danger of accidental ignition of gas by not grounding squeeze off tools during the repair of a damaged service line.
- (ii) 49 C.F.R. § 192.805 (b) - Failure of the Company on three occasions to ensure through evaluation that individuals performing outside leak detection and pinpointing had the necessary knowledge and skill to adequately respond to a Grade 1 gas leak.

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 Three Hundred Twenty-five Thousand Dollars (\$325,000), which shall be paid contemporaneously

with the entry of this Order. The payment 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, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) 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.

(3) Although the civil penalty in this Order of Settlement is assessed to CGV, the probable violations can be attributed to both CGV and its contractors. Most, if not all contracts that are entered into by utilities have a provision that allows the utilities to pass on any civil penalties to their contractors. Since the ultimate responsibility for compliance with the Pipeline Safety Standards lies with CGV, the Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein, that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(4) 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 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-2016-00219.

(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 Columbia Gas of Virginia, Inc. be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Three Hundred Twenty-five Thousand Dollars (\$325,000), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (2), 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 the Company, 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.

(5) Columbia Gas of Virginia, Inc., shall credit any part of the civil penalty ordered herein that is recovered from the contractors to the accounts that the work performed was charged.

(6) This case is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Dan Cote, Vice President - Pipeline Safety and Compliance, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836; and the Commission's Office of General Counsel; Office of the Commission Comptroller; and Divisions of Utility and Railroad Safety and Utility Accounting and Finance.

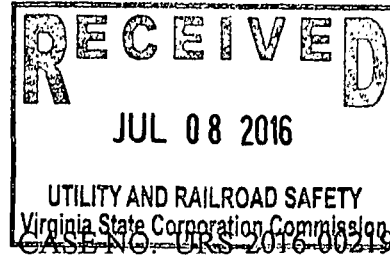
COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

COLUMBIA GAS OF VIRGINIA, INC.,

Defendant



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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: 07/06/2016

Columbia Gas of Virginia, Inc.

By: 

Title: VP-PS+L