

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, SEPTEMBER 20, 2016

SCC-CLERK'S OFFICE  
DOCUMENT CONTROL CENTER  
2016 SEP 20 A 11: 20

160920273

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2016-00282

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

---

<sup>1</sup> *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).

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 Washington Gas Light Company ("WGL" or "Company"), 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. § 192.13 (c) - Failure of the Company to modify its procedures to require the installation of a weak link on plastic pipe during pull back that is performed with mechanical equipment.
  - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company to make an electrofusion joint in accordance with written procedures that have been proved by test or experience to produce strong gastight joints.
  - (c) 49 C.F.R. § 192.273 (c) - Failure of the Company to inspect an electrofusion joint to ensure it was constructed in accordance with 49 C.F.R. § 192, Subpart F.
  - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 3220, by not performing an adequate number of bar tests to determine if gas was migrating.
  - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 3220, by not checking near surrounding homes for the presence of gas.
  - (f) 49 C.F.R. § 192.605 (b) - Failure of the Company to have adequate procedures for taking precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas.

- (g) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Engineering and Operating Standards, Section 5374, by a contractor employee not wearing the appropriate personal protective equipment while working in an excavation area where gas was present.
- (h) 49 C.F.R. § 192.751 - Failure of the Company on three occasions to use a bonding device to electrically connect a copper service line to a steel main to prevent accidental ignition during abandonment of the service line.
- (i) 49 C.F.R. § 192.751 (a) - Failure of the Company to take steps to minimize the danger of accidental ignition of gas in any structure or area where the presence of gas constitutes a hazard of fire or explosion.
- (j) 49 C.F.R. § 192.805 - Failure of the Company to ensure through evaluation that personnel performing leak investigations are capable of recognizing and reacting to abnormal operating conditions.
- (k) 49 C.F.R. § 192.805 (b) - Failure of the Company to ensure through evaluation that a person performing leak investigations has the necessary knowledge, skills, and ability to ensure the safe operation of the pipeline.

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 One Hundred Three Thousand Dollars (\$103,000), of which Fifty-nine Thousand Dollars (\$59,000) shall be paid contemporaneously with the entry of this Order. The remaining Forty-four Thousand Dollars (\$44,000) shall be due as outlined in Undertaking Paragraph (2) 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) and (4) 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, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

- (a) By no later than October 1, 2016, the Company shall revise its written procedures to address all probable violations noted in this Order.
- (b) By no later than March 31, 2017, the Company shall conduct a gap analysis of its pipeline safety program in Virginia against the American Petroleum Institute's Recommended Practice 1173 (2015). The results of the gap analysis shall be submitted to the Division.
- (c) By no later than March 31, 2017, the Company shall complete an assessment of its pipeline safety culture in Virginia by means of observations, survey, interviews and other methods. The results of the safety culture assessment shall be submitted to the Division.

(3) On or before October 15, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the senior vice president of WGL certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a).

(4) On or before April 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the senior vice president of WGL certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (b) and (c).

(5) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Forty-four Thousand Dollars (\$44,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Forty-four Thousand Dollars (\$44,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to

accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If upon investigation the Division determines that the reason for said failure justifies a payment lower than Forty-four Thousand Dollars (\$44,000), 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.

(6) Although the civil penalty in this Order of Settlement is assessed to WGL, the probable violations can be attributed to both WGL 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 WGL, 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.

(7) Any amounts paid in accordance with Undertaking Paragraph (1) of 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-2016-00282.

(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 WGL be, and it hereby is, accepted.

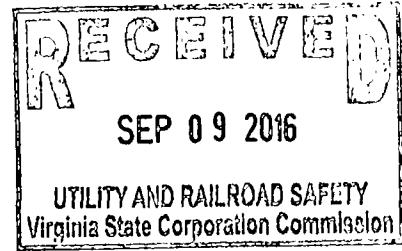
(3) Pursuant to § 56-257.2 B of the Code, WGL shall pay the amount of One Hundred Three Thousand Dollars (\$103,000), which may be suspended and subsequently vacated, in whole or in part, as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Fifty-nine Thousand Dollars (\$59,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Forty-four Thousand Dollars (\$44,000) shall be 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 certifications of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) WGL 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) 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:  
Doug Staebler, Senior Vice President, Washington Gas Light Company, 6801 Industrial Road, Springfield, Virginia 22151; 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.



160920273

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

CASE NO. URS-2016-00282

WASHINGTON GAS LIGHT COMPANY,

Defendant

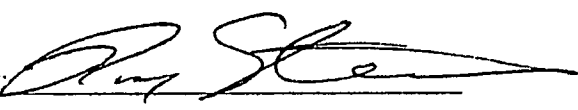
ADMISSION AND CONSENT

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: 9-6-2016

Washington Gas Light Company

By: 

Title: SVP- UTILITY OPERATIONS