

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, SEPTEMBER 22, 2015

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

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2015-00199

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

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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 operator 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 Washington Gas Light Company ("Company" or "WGL"), the Defendant, and alleges that:

- (1) The Company 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. § 192.479 (a) - Failure of the Company to properly clean and coat a portion of a pipeline that is exposed to the atmosphere.
  - (b) 49 C.F.R. § 192.481 (b) - Failure of the Company during inspections to give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations and in spans over water.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 3220, by not utilizing off-set barholes to the side of the marks to minimize the potential for damage.
  - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5374, by one of its employees not wearing level 2 PPE during bar holing operations.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5374, by one of its employees not wearing level 1 PPE while working in an excavation where gas is leaking.
  - (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 3233, by not utilizing a squeeze-off to stop the flow of gas to make repairs or other maintenance work.

- (g) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5382, by not taking precautions to minimize static discharge when cutting gassed plastic pipe.
- (h) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to inspect a regulator by not verifying and installing the correct regulator pilot springs.
- (i) 49 C.F.R. § 192.725 (a) - Failure of the Company to perform a pressure test of the disconnected service line in the same manner as a new service line before being reinstated.
- (j) 49 C.F.R. § 192.751 - Failure of the Company on two occasions 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.

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 Eighty Thousand Dollars (\$180,000), 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, Post Office 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 WGL, the probable violations can be attributed to both WGL and its contractors; however, 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 or used to fund an O&M action, O&M program, or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. WGL will track the services received from a contractor as a substitute for reimbursement of a fine through journal entries. Specifically, the Company will establish a receivable from the contractor and relieve it as either cash or services are received.

(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-2015-00199.

(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 Washington Gas Light Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of One Hundred Eighty Thousand Dollars (\$180,000), 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) As agreed to by the Company, 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, or use to fund an O&M action, O&M program or O&M project, including for incremental pipeline safety initiatives in Virginia. WGL shall track the services received from a contractor as a substitute for reimbursement of a fine, through journal entries. Specifically, the Company shall establish a receivable from the contractor and relieve it as either cash or services are received.

(6) This case is hereby dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Doug Staebler, 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.

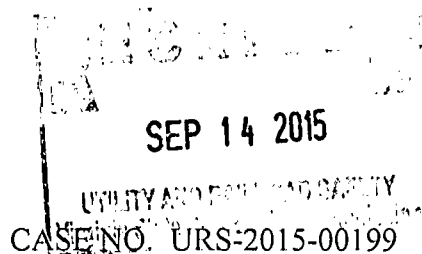
COMMONWEALTH OF VIRGINIA, ex rel.

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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: 9-9-15

Washington Gas Light Company

By: 

Title: SVP - UTILITY OPERATIONS