

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 4, 2015

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2015-00547

ARIA ENERGY, LLC,

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).

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 Aria Energy, LLC ("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. § 192.603 (b) - Failure of the Company to keep records necessary to administer the procedure established under 49 C.F.R. § 192.605.
 - (b) 49 C.F.R. § 192.709 (c) - Failure of the Company to have a patrolling program to observe surface conditions on and adjacent to its transmission pipeline right of way for indications of leaks, construction activity, and other factors affecting safety and operation of the pipeline.
 - (c) 49 C.F.R. § 192.709 (c) - Failure of the Company to record leakage surveys of its transmission pipeline at intervals not exceeding 15 months, but at least once each calendar year.

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 Fourteen Thousand Five Hundred Eighty Dollars (\$14,580), of which Ten Thousand Dollars (\$10,000) shall be paid contemporaneously with the entry of this Order. The remaining Four Thousand Five Hundred Eighty Dollars (\$4,580) shall be due as outlined in Undertaking Paragraph (4) 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 certification as required by Undertaking Paragraph (3) herein. The initial payment and 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) Beginning in 2016, the Company agrees to carry out a public awareness program at least once a year that includes direct mail to excavators that may work around the Company's pipelines in Virginia with information on excavation damage prevention and how to recognize and respond to a gas leak or gas emergency.

(3) On or before March 31, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Aria Energy, LLC certifying that the Company has begun the remedial actions set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Four Thousand Five Hundred Eighty Dollars (\$4,580) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Four Thousand Five Hundred Eighty Dollars (\$4,580) 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) and (3) above. If upon investigation the Division determines that the reason for said failure justifies a payment lower than Four Thousand Five Hundred Eighty Dollars (\$4,580), 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.

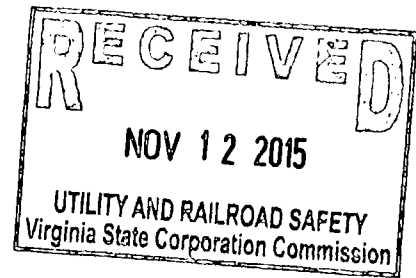
NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00547.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Aria Energy, LLC be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Aria Energy, LLC shall pay the amount of Fourteen Thousand Five Hundred Eighty Dollars (\$14,580), 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 Ten Thousand Dollars (\$10,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Four Thousand Five Hundred Eighty Dollars (\$4,580) 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 certification of the remedial actions required by Undertaking Paragraph (3) 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:
 Richard DiGia, President and CEO, Aria Energy, LLC, 46280 Dylan Drive, Suite 200, Novi,
 Michigan 48377; and a copy hereof also shall be delivered to the Commission's Office of
 General Counsel; Office of the Commission Comptroller; and Division of Utility and Railroad
 Safety.

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION



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v.

CASE NO. URS-2015-00547

ARIA ENERGY, LLC,

Defendant

ADMISSION AND CONSENT

The Defendant, Aria Energy, LLC, 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: November 11, 2015

Aria Energy, LLC

By: Richard M. DeLo

Title: President