

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, FEBRUARY 19, 2016

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

v.

CASE NO. URS-2015-00633

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, 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 ("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. § 192.605 (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.
  - (b) 49 C.F.R. § 192.605 (b) (9) - Failure of the Company to take adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of natural gas.
  - (c) 49 C.F.R. § 192.751 (a) - Failure of the Company to prevent accidental ignition in the presence of a hazardous atmosphere by not eliminating potential sources of ignition.
  - (d) 49 C.F.R. § 192.805 (b) - Failure of the Company to have an adequate qualification and evaluation program to ensure that individuals performing activities to prevent accidental ignition in areas where the presence of natural gas may constitute a hazard had the necessary knowledge, skills, and abilities to eliminate potential sources of ignition in the work area in a manner that ensured the safe operation of pipeline facilities.

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 Sixty-eight Thousand Dollars (\$68,000), of which Fifty-three Thousand Dollars (\$53,000) shall be paid contemporaneously with the entry of this Order. The remaining Fifteen Thousand Dollars (\$15,000) 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, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) On or before March 15, 2016, the Company shall review and revise its Engineering, Operating and Construction Standards to adequately address how construction crews safely perform work when indications of a gas leak are present. A copy of these revised Standards shall be submitted to the Division before March 15, 2016.

(3) On or before April 1, 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).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Fifteen Thousand Dollars (\$15,000) 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 Fifteen Thousand Dollars (\$15,000) 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) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Fifteen Thousand Dollars (\$15,000), 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.

(5) 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.

(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; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with WGL. 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.

(7) 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-2015-00633.

(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 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 Sixty-eight Thousand Dollars (\$68,000), which shall be paid contemporaneously with the entry of this Order.

(4) The sum of Fifty-three Thousand Dollars (\$53,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Fifteen Thousand Dollars (\$15,000) 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 certification of the remedial actions required by Undertaking Paragraph (3) of this Order.

(5) Pursuant to Undertaking Paragraph (5), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or

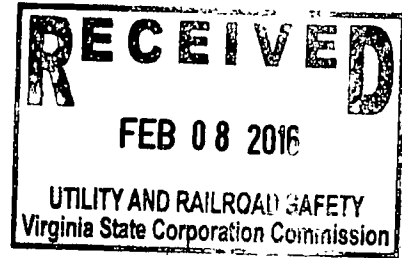
future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.

(6) 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 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 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 case of services are received.

(7) 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.

COMMONWEALTH OF VIRGINIA, ex rel.  
STATE CORPORATION COMMISSION



160240041

v.

CASE NO. URS-2015-00633

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: 2-3-16

Washington Gas Light Company

By: A handwritten signature in black ink, appearing to be "D. J. [unclear]", written over a horizontal line.

Title: SUP-UTILITY OPERATIONS