

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, MARCH 25, 2016

SCC-CLERK'S OFFICE  
DOCUMENT CONTROL CENTER

2016 MAR 25 1 P 2: 58

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2016-00128

ATMOS ENERGY CORPORATION,  
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 Atmos Energy Corporation ("Company" or "Atmos"), 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. § 192.605 - Failure of the Company to have an adequate procedure for the temporary repair of polyethylene piping.

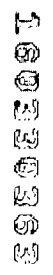
The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

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 Seven Thousand Dollars (\$7,000), 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) The Company shall revise its procedures to address the above violation on or before April 15, 2016. A copy of the revised procedure shall be submitted to the Division.

(3) 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.

(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-2016-00128.

(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 Atmos Energy Corporation is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Seven Thousand Dollars (\$7,000), which shall be paid contemporaneously with the entry of this Order.

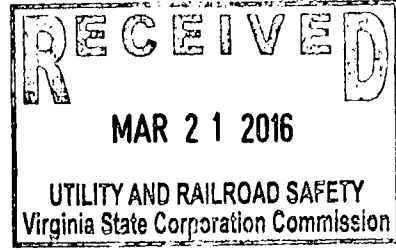
(4) Pursuant to Undertaking Paragraph (2), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation 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) This case is hereby dismissed.

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

Michael Ellis, Vice President of Operations, Atmos Energy Corporation, 2833 West Market Street, Johnson City, Tennessee 37604; 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.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10



1  
2  
3  
4  
5  
6  
7  
8  
9  
10

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2016-00128

ATMOS ENERGY CORPORATION,

Defendant

ADMISSION AND CONSENT

The Defendant, Atmos Energy Corporation, 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: 3-18-16

Atmos Energy Corporation

By: Michael A. Ellis

Title: VP- Operations