

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 21, 2016

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

v.

CASE NO. URS-2016-00460

ROANOKE GAS 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.¹ The Commission is authorized to enforce the Safety Standards for

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).

natural gas 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. The Division has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company" or "RGC"), 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 on two occasions by of the Company to follow the Company's Operating and Maintenance Manual, Chapter 1, Section A, by not locating the squeeze off tool a minimum of 3 times the pipe diameter or 12 inches, whichever is greater, from a mechanical connection.

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 Sixteen Thousand Dollars (\$16,000), of which Eight Thousand Five Hundred Dollars (\$8,500) shall be paid contemporaneously with the entry of this Order. The remaining Seven Thousand Five Hundred Dollars (\$7,500) 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 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) By no later than December 31, 2017, the Company shall complete a pilot project ("project") to evaluate the viability and benefits of technology to continuously monitor cathodic protection ("CP") readings. This project shall include at a minimum 15 CP stations. On or before January 31, 2018, RGC shall prepare a report of its findings for this project and provide a copy to the Division.

(3) On or before March 1, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the president of Roanoke Gas Company certifying that the Company has begun the remedial action set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Seven Thousand Five Hundred Dollars (\$7,500) 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 Seven Thousand Five Hundred Dollars (\$7,500) 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 Paragraph (2) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Seven Thousand Five Hundred Dollars (\$7,500), 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) 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-2016-00460.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Roanoke Gas Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, Roanoke Gas Company shall pay the amount of Sixteen Thousand Dollars (\$16,000), which may be suspended and subsequently vacated in whole or in part as provided in Undertaking Paragraph (1) of this Order.

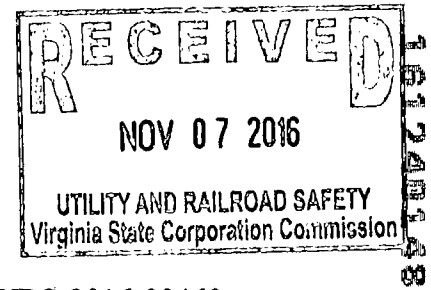
(4) The sum of Eight Thousand Five Hundred Dollars (\$8,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Seven Thousand Five Hundred Dollars (\$7,500) shall be due as outlined herein and may be suspended and subsequently vacated in whole or in part provided the 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.

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AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
John D'Orazio, President, Roanoke Gas Company, 519 Kimball Avenue, N.E., Post Office
Box 13007, Roanoke, Virginia 24016; 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



v.

CASE NO. URS-2016-00460

ROANOKE GAS COMPANY,

Defendant

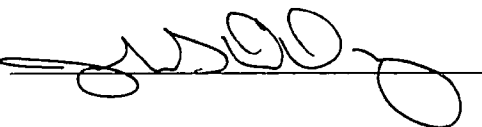
ADMISSION AND CONSENT

The Defendant, Roanoke Gas 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: 11/3/16

Roanoke Gas Company

By: 

Title: President & CEO