

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 8, 2018

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2017-00418

COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found in 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).*

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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"), 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 Columbia Gas of Virginia, Inc. ("Company" or "Defendant"), 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. § 192.161 (c) - Failure of the Company to support or anchor an exposed pipeline with a support made of durable and noncombustible material.
 - (b) 49 C.F.R. § 192.199 (g) - Failure of the Company to install a pressure limiting device designed to prevent any single incident from affecting the operation of both the overpressure protective device and the district regulator.
 - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1650.020, by not performing an adequate inspection for abnormal operating conditions while performing an Operator Qualification task at a riser.
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Corporate Policy and Procedure Manual, Number 640-2, Section 32, by not recording offset measurements or unusual configurations on the Company's Service Line Order sketch.
 - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS1680.040, by not preventing the build-up of static electricity at the squeeze-off point, prior to the squeeze-off operation.
 - (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1708.070 Section 6, by not completely documenting the required information when investigating an outside leak.

- (g) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate procedure for locating difficult to locate facilities and to provide temporary markings for such facilities, in the area of excavation activity, upon receipt of a notice of excavation.
- (h) 49 C.F.R. § 192.615 (a) (6) - Failure of the Company to have procedures contained within its Emergency Manual that reference GS 1150.080 of the Company's Gas Standards for delineating what consideration should be given when addressing an over-pressurization event.
- (i) 49 C.F.R. § 192.805 - Failure of the Company to follow its written qualification program and ensure through proper evaluation that an individual performing line locating was qualified.

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 be assessed a civil penalty in the amount of Ninety-two Thousand Five Hundred Dollars (\$92,500), of which Seventy Thousand Five Hundred Dollars (\$70,500) shall be paid contemporaneously with the entry of this Order. The remaining Twenty-two Thousand Dollars (\$22,000) 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 any subsequent payments shall be made by check 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 undertake the following remedial actions:

- (a) By no later than March 1, 2018, the Company shall revise its procedures relative to dissipating static electricity, and the use of an anti-static spray, prior to squeezing off plastic pipe, consistent with the manufacturer's application procedures.
- (b) By no later than March 1, 2018, the Company shall revise its procedures to clearly define a step-by-step process used by its employees relative to providing temporary markings for facilities determined to be difficult to locate through conventional locating practices. These revisions shall include actions the Company shall take to make those lines locatable in the future.
- (c) By no later than March 1, 2018, the Company shall revise its procedures to clearly define a consistent step-by-step process between the Emergency and O&M Manuals regarding what actions shall be taken in the event that any portion of its system is subjected to pressure exceeding the maximum allowable operating pressure.

(3) On or before March 15, 2018, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the vice president of Columbia Gas of Virginia, Inc., 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 Twenty-two Thousand Dollars (\$22,000) 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, payment of Twenty-two Thousand Dollars (\$22,000) shall become due and payable, and the Company immediately shall 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 Twenty-two Thousand Dollars (\$22,000), a reduction in the amount due may be recommended to the Commission. 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 Columbia Gas of Virginia, Inc., the probable violations can be attributed to both Columbia Gas of Virginia, Inc. and its contractors. However, Columbia Gas of Virginia, Inc., ultimately is responsible for compliance with the Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein that is recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(7) 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 hereby is docketed and assigned Case No. URS-2017-00418.

(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 Columbia Gas of Virginia, Inc., is hereby accepted.

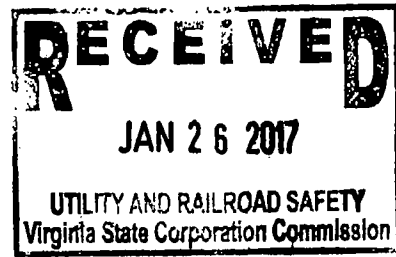
(3) Pursuant to § 56-257.2 B of the Code of Virginia, Columbia Gas of Virginia, Inc., shall be assessed a penalty in the amount of Ninety-two Thousand Five Hundred Dollars (\$92,500).

(4) The sum of Seventy Thousand Five Hundred Dollars (\$70,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Twenty-two Thousand Dollars (\$22,000) 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) Columbia Gas of Virginia, Inc., shall credit any part of the civil penalty ordered herein that is recovered from the contractors to the accounts that were charged with the cost of the work.

(6) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Phil Wilson, Vice President, Columbia Gas of Virginia, Inc., 1809 Coyote Drive, Chester, Virginia 23836; 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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Defendant

ADMISSION AND CONSENT

The Defendant, Columbia Gas of Virginia, Inc., admits to 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: 1/10/18

Columbia Gas of Virginia, Inc.

By: 

Title: VICEPRESIDENT & GENERAL MANAGER