

## STATE CORPORATION COMMISSION

AT RICHMOND, MAY 21, 2020

*Document Control Center 05/21/20@11.14 AM*COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. URS-2020-00048

VIRGINIA NATURAL GAS, INC.,  
DefendantORDER 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 ("Safety Standards") for gas pipeline facilities used for intrastate transportation<sup>1</sup> and for hazardous liquid pipeline facilities used for intrastate transportation.<sup>2</sup> The Commission

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<sup>1</sup> 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. *See Commonwealth of Virginia ex rel. 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. Rep. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

<sup>2</sup> The Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquid pipeline safety standards ("Hazardous Liquid Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting rules to*

is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code") and to enforce the Hazardous Liquid Safety Standards for hazardous liquid pipeline facilities under Code § 56-555. These statutes allow 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 Virginia Natural Gas, Inc. ("Company" or "VNG"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of Code § 56-257.2.
- (2) The Company violated the Commission's Safety Standards by the following

conduct:

- (a) 49 C.F.R. § 192.709 (c) - Failure of the Company on two occasions to maintain a record of each patrol, survey inspection and test required by subparts L and M of Part 192 for at least five years or until the next patrol, survey, inspection or test is completed, whichever is longer.

The Company neither admits nor denies the allegations listed herein but admits to the Commission's jurisdiction and authority to enter this Order of Settlement ("Order").

As an offer to settle all matters arising from the allegations made against it herein, the Company represents and undertakes that:

- (1) The Company shall be assessed a civil penalty in the amount of Sixteen Thousand Dollars (\$16,000), which shall be paid contemporaneously with the entry of this Order.

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*govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act, Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rep. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995). The Commission is authorized to enforce the Hazardous Liquid Safety Standards for liquid pipeline facilities under Code § 56-555, which allows the Commission to impose the fines and penalties authorized therein.*

(2) 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.

(3) Although the civil penalty in this Order is assessed to VNG, the probable violations can be attributed to VNG and its contractors. However, VNG is ultimately 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.

(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 Accounts 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 within 90 days of such booking.

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 settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

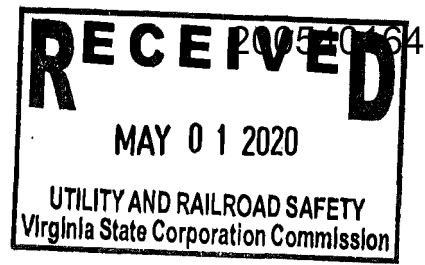
- (1) The captioned case is hereby docketed and assigned Case No. URS-2020-00048.
- (2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by VNG is hereby accepted.

(3) Pursuant to Code § 56-257.2 B, the Company is hereby assessed a civil penalty in the amount of Sixteen Thousand Dollars (\$16,000), which shall be paid contemporaneously with the entry of this Order.

(4) Undertaking paragraphs (2), (3), and (4) are hereby incorporated by reference.

(5) This case is hereby dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Mr. Jim Kibler, President, Virginia Natural Gas, Inc., 544 South Independence Boulevard, Virginia Beach, Virginia 23452.



COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

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Defendant

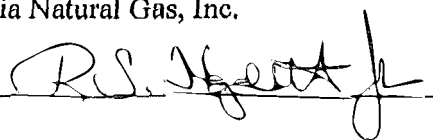
ADMISSION AND CONSENT

The Defendant, Virginia Natural Gas, 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: APRIL 20, 2020

Virginia Natural Gas, Inc.

By: 

Title: VICE PRESIDENT - OPERATIONS