

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 23, 2012

CLERK'S OFFICE

COMMONWEALTH OF VIRGINIA, *ex rel.*

2012 MAY 23 P 2:51

STATE CORPORATION COMMISSION

DOCUMENT CONTROL

v.

CASE NO. URS-2012-00130

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. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, 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, and

has performed an investigation of an accident that occurred on December 19, 2010, at 4303 Lees Corner Road, Chantilly, Virginia. During this investigation, the Division conducted various inspections of records, operation and maintenance, and emergency response activities involving Washington Gas Light Company ("WGL" or "Company"), the Defendant, and alleges that:

- (1) WGL is a person within the meaning of § 56-257.2 B of the Code of Virginia; and
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.605 (a) - Failure on one occasion of Company to follow Maintenance Standard, Section 3020, by not recording test readings of natural gas discovered on Company's Maintenance Field Orders on December 19, 2010 after the incident that occurred at 4303 Lees Corner Road, Chantilly, Virginia;
  - (b) 49 C.F.R. § 192.605 (a) - Failure on one occasion of Company to follow Emergency Plan Standard, Section 1070, by not documenting specific leakage test readings and locations of natural gas discovered as part of the Company's on-site investigation;
  - (c) 49 C.F.R. § 192.605 (a) - Failure on one occasion of Company to follow its Operations and Maintenance Standard, Section 4050, that was developed to comply with 49 C.F.R. § 192.721, by not observing a condition that may affect the safety and operation of a pipeline;
  - (d) 49 C.F.R. § 192.605 (a) - Failure on one occasion of Company to follow Operations and Maintenance Standard, Section 4010, by not performing a complete leak survey of the service line to 4303 Lees Corner Road, Chantilly, Virginia;
  - (e) 49 C.F.R. § 192.605 (a) - Failure on one occasion of Company to follow Operations and Maintenance Standard, Section 4010, by not identifying and recording a "service violation" of the service line that was located under the concrete foundation of 4303 Lees Corner Road, Chantilly, Virginia during the June 1, 2009 leak survey;
  - (f) 49 C.F.R. § 192.605 (b)(1) - Failure on one occasion of Company to have a procedure for the temporary abandonment of copper service lines;
  - (g) 49 C.F.R. § 192.605 (b)(1) - Failure on one occasion of Company to have a procedure for reuse of the polymer isolation sleeve on copper service lines;

- (h) 49 C.F.R. § 192.467 (d) - Failure on one occasion of Company to make inspections and tests to assure that the electrical isolation of the copper service line from the cathodically protected steel main was adequate; and
- (i) 49 C.F.R. § 192.614 (a) - Failure on one occasion of Company to follow Operations and Maintenance Standard 4099, Damage Prevention Monitoring, developed to comply with § 192.614 (c)(6), by not monitoring excavations over Company facilities at 4303 Lees Corner Road, Chantilly, Virginia.

The Company neither admits nor denies these allegations but admits 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 Three Hundred Seventy-four Thousand Five Hundred Dollars (\$374,500), of which One Hundred Fifty-four Thousand Eight Hundred Dollars (\$154,800) shall be paid contemporaneously with the entry of this Order. The remaining Two Hundred Nineteen Thousand Seven Hundred Dollars (\$219,700) shall be due as outlined in Undertaking Paragraph (6) 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 certifications as required by Undertaking Paragraphs (3), (4), and (5) 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 of the Division of Utility and Railroad Safety, Post Office Box 1197, Richmond, Virginia, 23218-1197;

(2) The Company shall undertake the following remedial actions:

- (a) By no later than June 15, 2012, the Company shall replace all facilities found to be located under structures that are not in compliance with 49 C.F.R. §192.361 in the Brookfield Community, Chantilly, Virginia;

- (b) By no later than July 31, 2012, the Company shall:
- (1) Revise its procedures for use when responding to an emergency and submit the revisions to the Division for its review. The revisions shall include, but are not limited to, requiring the collection of the data necessary to perform a failure investigation in compliance with 49 C.F.R. §192.617, the manner in which the data collected shall be documented, and the delineation of responsibility for the data collection. In addition, the Company shall conduct training on the revised procedures with affected personnel.
  - (2) Revise the Operator Qualification ("OQ") training and evaluation provided to all field employees and contractor personnel, to include the continuing surveillance provisions found in 49 C.F.R. § 192.613, in the qualification process. In addition, WGL shall conduct refresher training for all field employees and contractor personnel on identifying and reporting to the Company abnormal operating conditions.
  - (3) Revise its procedures to include a process for the permanent abandonment of copper services. The revised procedure shall not allow the reuse of the polymer isolation sleeve. In addition, those Company or contractor employees abandoning copper services shall be trained and OQ evaluated to the new procedure;
- (c) By no later than November 30, 2012, the Company shall replace all copper service lines in the Brookfield Community, Chantilly, Virginia. As part of the replacement process, the Company shall develop a testing protocol ("protocol"), acceptable to the Division, to be used for the evaluation of the copper services replaced. The protocol shall include, among other things, pressure testing, a cathodic protection evaluation along the entire length of the service, and a physical examination of as much of the length of service as possible. The results of these examinations shall be provided to the Division on a monthly basis, commencing July 31, 2012. Based upon the results, the Company shall consult with the Division to identify what, if any, additional actions should be taken for distribution integrity management purposes relative to copper service lines remaining in the Company's system and shall take those actions that are deemed appropriate.

(3) On or before June 30, 2012, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (a).

(4) On or before August 15, 2012, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (b) above.

(5) On or before December 15, 2012, WGL shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (c) above.

(6) Upon timely receipt of said affidavits, the Commission may suspend and subsequently vacate up to Two Hundred Nineteen Thousand Seven Hundred Dollars (\$219,700) of the amount set forth in Undertaking Paragraph (1) above. Should WGL fail to tender the affidavits required by Undertaking Paragraphs (3), (4), and (5), or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Two Hundred Nineteen Thousand Seven Hundred Dollars (\$219,700) shall become due and payable, and the Company shall immediately notify the Division of the reasons for WGL's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), (4), and (5) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Two Hundred Nineteen Thousand Seven Hundred Dollars (\$219,700), 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.

(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 Division's representations and the 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-2012-00130.

(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, Washington Gas Light Company, shall pay the amount of Three Hundred Seventy-four Thousand Five Hundred Dollars (\$374,500), part of which may be suspended and subsequently vacated as provided in Undertaking Paragraph (1) above.

(4) The sum of One Hundred Fifty-four Thousand Eight Hundred Dollars (\$154,800) tendered contemporaneously with the entry of this Order is accepted. The remaining Two Hundred Nineteen Thousand Seven Hundred Dollars (\$219,700) 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 certifications of the remedial actions required by Undertaking Paragraphs (3), (4), and (5) 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.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Adrian Chapman, President, Washington Gas Light Company, 6801 Industrial Drive,  
Springfield, Virginia 22151; Meera Ahamed, Esquire, Washington Gas Light Company,  
101 Constitution Avenue, N.W., Washington, D.C. 20080; and a copy shall be delivered to the  
Commission's Office of General Counsel, Office of the Commission Comptroller, and Divisions  
of Utility and Railroad Safety and Utility Accounting and Finance.

A True Copy  
Teste:



Clerk of the  
State Corporation Commission

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND,

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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: \_\_\_\_\_

5/17/2012

Washington Gas Light Company

By: \_\_\_\_\_



Adrian P. Chapman  
President & COO

Title: \_\_\_\_\_