

December 10, 2018

Ms. Michelle Thebert
Georgia Public Service Commission
244 Washington Street, SW
Atlanta, Georgia 30334

REFERENCE: Inspection Report No. JH18-016, Docket #37024-174245

Dear Ms. Thebert:

The following information is provided in response to two (2) Notice of Probable Violations reported in Georgia Public Service Commission (GPSC) pipeline safety inspection report number JH18-016, which was related to the incident investigation of the February 13, 2018 AGLC Bremen Outage within the AGLC West Georgia Service Center.

Notice of Probable Violations

1. 49CFR §192.605(a)

Under the AGLC OPM procedure for performing preventative maintenance on valves, it states technicians are to: "Place the valve back in the position initially found. Ensure the valve is not leaking after operation."

Probable Violation: The Operators personnel failed to follow their procedure for performing maintenance on valves, which resulted in a mass outage of customers.

AGLC Response:

The AGLC employee overseeing the valve inspection that caused the outage has been terminated as a result of his actions. A "System Operations Stand Down" was held with all applicable employees in the System Operations Department because of the Bremen situation. Topics covered during this "Stand Down" were:

- An overview of the facilities at the site
- An overview of the actions that led to the situation
- Lessons learned because of the situation
- A review of procedures related to valve inspection and maintenance activities
- Recommended modifications to existing processes

Page 2
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December 10, 2018

2. 49CFR §191.5(a)

Under the AGLC OPM, it states that a significant event includes: “Interruption in service to five hundred (500) or more customers.”

Probable Violation

The Operator failed to provide notice of a significant event to the National Response Center as required by 49CFR Part 191 – Transportation of Natural and Other Gas by Pipeline; Annual Reports, Incident Reports, and Safety Related Condition Reports, and their procedures.

AGLC Response:

The Company agrees that we did not notify the National Response Center but respectfully disagrees with this finding, as the “Interruption in service to five hundred (500) or more customers” requirement applies to reporting a “significant event” to the Georgia Public Service Commission (OPM Div. II, Section 5.1.2(a)(2), not the National Response Center (Div. II, Section 5.1.1 (c)).

In addition to the above responses to the Notices of Probable Violation, please find attached two (2) executed copies of a Settlement Agreement related to Staff’s recommended civil penalty of \$10,000 that should allow for the closure of this inspection once approved by the Georgia Public Service Commission (GPSC).

Based on the above information, I trust that the actions being taken by AGL adequately address the Notice of Probable Violations identified in the inspection report. However, if you wish to discuss the response or actions taken, please feel free to give me a call.

Sincerely,



Richard Lonn
Director
Compliance Assurance & PRM



**BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION
STATE OF GEORGIA**

IN THE MATTER OF:

49 C.F.R. Parts 191 and 192 Investigation of Atlanta Gas
Light Company

)
) **DOCKET NO. 37024**
) **(Inspection Report No. JH18-016)**
)

SETTLEMENT AGREEMENT

The Georgia Public Service Commission ("GPSC" or "Commission") and Atlanta Gas Light Company ("AGL," "Company," or "Respondent") hereby agree to presentation of the following proposed disposition of the above-styled matter:

Whereas, AGL is desirous of resolving the issues raised in these proceedings in the manner set forth herein;

Whereas, AGL enters into this Settlement Agreement without admitting any of the facts or findings contained in the Investigation Report, Notice of Probable Violations (NOPV), or Notice of Amendment (NOA), without admitting any impropriety, without admitting any violation of any applicable rules, regulations or laws and, in particular, without admitting liability for any of the probable violations set forth herein;

Whereas, the Commission agrees that settlement consistent with the agreements made in this Settlement Agreement promotes administrative efficiency and is preferable to proceeding to a hearing on disputed issues;

It is hereby agreed as follows:

FINDINGS AND CONCLUSIONS

1.

This Settlement Agreement is being offered according to *inter alia*: 49 U.S.C. § 60122; C.F.R. § 192.13(c); 49 C.F.R. § 192.605(a); O.C.G.A. §§ 46-2-20, 46-2-21, 46-2-30, 46-2-90, 46-2-91, 46-4-1, 46-4-31, 46-4-34, 46-4-35 and 50-13-1 through 50-13-44; and Georgia Public Service Commission Rules 515-9-1-.06, 515-9-3-.01 through 515-9-3-.15, and 515-9-6-.01; all regarding the safe installation and operation of gas distribution systems within the State of Georgia.

2.

Under the aforementioned legal citations in Paragraph 1, the Facilities Protection Unit Staff of the Commission has the authority to inspect the facilities of Georgia's natural gas providers according to the laws cited herein and to seek the imposition of penalties for probable violations.

3.

The Company is a natural gas operator in the State of Georgia with gas transmission and a gas distribution system in and around the State; all of which are subject to the Commission's jurisdiction.

4.

As a natural gas transmission and distribution system operator, the Company is subject to the requirements of 49 U.S.C. § 60122, 49 C.F.R. Parts 191 and 192, and as specifically pertains to this Settlement Agreement, the requirements of 49 C.F.R. § 192.605(a).

5.

On February 13, 2018, AGL notified the Commission Staff of a customer outage that occurred had occurred in their West Georgia service territory near Bremen, Georgia. The total number of customers lost was approximately 2400 customers.

6.

On or about October 16, 2018, in accordance with Commission Rule 515-9-3-.08, AGL was notified in writing of Notice of Probable Violations ("NOPV") incorporated within the context of Staff's Investigation Report, JH18-016 (filed in this Docket No. 37024 on October 16, 2018), alleging actions/inactions on part of Respondent that contributed ("contributing factors") to the afore-mentioned customer outage. The alleged probable violation cited was as follows:

49 C.F.R. § 192.605(a): Respondent's personnel failed to follow their procedure for performing maintenance on valves, which resulted in a mass outage of customers.

AGREEMENTS

By signing below, AGL hereby agrees that all matters alleged in the NOPV outlined in Staff's written Investigation Report JH18-016 should be settled by executing this Settlement Agreement as follows:

1.

This Settlement Agreement, if approved by the Commission, shall constitute a final resolution of this proceeding.

2.

AGL has held a System Operations Stand Down with all applicable employees in the System Operations Department on valve inspection and maintenance activities.

3.

AGL shall make a voluntary contribution of **ten thousand dollars (\$10,000)** within forty-five (45) days of a Commission Order Adopting this Settlement Agreement that shall be paid in **certified funds and shall be made payable as determined by the Commission.**

4.

All costs incurred related to compliance with this Settlement Agreement shall be timely booked in accordance with the Uniform System of Accounts prescribed for Natural Gas Companies subject to the provisions of the Natural Gas Act.

5.

Should complications arise as to compliance with or implementation of this Settlement Agreement, AGL and Commission Staff agree to work in good faith to resolve any such complications.

6.

The Parties agree that this Settlement Agreement is a just and reasonable disposition of the matters raised in Investigation Report JH18-016.

7.

This Settlement Agreement shall not become effective until and unless it is approved by the Commission in which event the Parties anticipate that an Order will be entered by the Commission adopting and incorporating the terms and conditions of this Settlement Agreement.

8.

The undersigned authorized representative of AGL acknowledges by his/her signature below that he/she has read this Settlement Agreement and understands its contents. The undersigned hereby further acknowledge his Settlement Authority on behalf of AGL. The undersigned hereby agrees on behalf of AGL, to the resolution of this proceeding as provided for herein.

This ___ day of December, 2018.

Agreed to:



Bryan Batson, President, Atlanta Gas Light Company
On Behalf of Respondent

Michelle Thebert, Director, Office of Pipeline
Safety/Facilities Protection
Georgia Public Service Commission

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