U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, D.C. 20590

JUL 11 2013

Mr. Thomas F. Farrell, II
President
Dominion Resources Services, Inc.
701 East Cary St.
Richmond, VA 23219

Re: CPF No. 1-2013-3001

Dear Mr. Farrell:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and assesses a civil penalty of $15,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon receipt of payment. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

for Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure
cc: Mr. Byron Coy, Eastern Region Director, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS
Mr. Jeffrey L. Barger, Vice President, Pipeline Operations, Dominion Transmission, Inc., 445 West Main Street, Clarksburg, WV 26301-2450
Mr. Mark Reaser, Director – LNG Operations, 2100 Cove Point Road, Lusby, MD 20657

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590

In the Matter of	)	
Dominion Transmission, Inc.	)	**CPF No. 1-2013-3001**
Respondent.	)	

FINAL ORDER

On October 4, 2012, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), reviewed annual report records of Cove Point LNG, Limited Partnership, a subsidiary of Dominion Transmission, Inc. (Dominion or Respondent). Dominion is a subsidiary of Dominion Resources Services, Inc., and operates 7,800 miles of natural gas pipelines in six states — Ohio, West Virginia, Pennsylvania, New York, Maryland and Virginia.[1]

As a result of the inspection, the Director, Eastern Region, OPS (Director), issued to Respondent, by letter dated March 4, 2013, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Dominion had violated 49 C.F.R. § 191.17 and proposed assessing a civil penalty of $15,000 for the alleged violation.

Dominion responded to the Notice by letter dated April 1, 2013 (Response). The company did not contest the allegation of violation but provided an explanation of its actions and requested that the proposed civil penalty be eliminated. Respondent did not request a hearing and therefore has waived its right to one.

FINDING OF VIOLATION

In its Response, Respondent did not contest the allegation in the Notice that it violated 49 C.F.R. Part 191, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 191.17(b), which states:

[1] https://www.dom.com/business/gas-transmission/index.jsp (last accessed April 15, 2013).

> **§ 191.17 Transmission systems; gathering systems; and liquefied natural gas facilities: Annual report.**
>
> (a)...
>
> (b) *LNG*. Each operator of a liquefied natural gas facility must submit an annual report for that system on DOT Form PHMSA 7100.3-1. This report must be submitted each year, not later than March 15, for the preceding calendar year, except that for the 2010 reporting year the report must be submitted by June 15, 2011.

The Notice alleged that Respondent violated 49 C.F.R. § 191.17(b) by failing to submit an annual report on DOT Form PHMSA 7100.3-1 for the 2010 and 2011 calendar years for the Cove Point LNG facility. Specifically, the Notice alleged that Dominion did not submit this report by March 15, 2012, for the 2011 reporting year and by June 15, 2011 for the 2010 reporting year, as prescribed in § 191.17(b). Respondent did not contest this allegation of violation. Respondent filed the annual reports for both years on November 1, 2012. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 191.17(b) by failing to submit an annual report on DOT Form PHMSA 7100.3-1 for the 2010 and 2011 calendar years for the Dominion Cove Report LNG facility.

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to an administrative civil penalty not to exceed $200,000 per violation for each day of the violation, up to a maximum of $2,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of $15,000 for the violation cited above.

Item 1: The Notice proposed a civil penalty of $15,000 for Respondent's violation of 49 C.F.R. § 191.17(b), for failing to submit DOT Form PHMSA 7100.3-1 for the 2010 and 2011 calendar years for the Dominion Cove Report LNG facility. Dominion neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty.

Dominion stated that PHMSA extended the submission deadline in PHMSA Advisory Bulletin ADB-11-03 from March 15, 2011 to August 15, 2011. Dominion argued that it experienced problems with PHMSA's submission portal and was unable to obtain assistance from PHMSA until several months after its August 12, 2011 request. Section 191.7(d) provides instructions for

using an "alternative reporting method" if electronic reporting imposes an undue burden and hardship for the operator. Dominion did not seek an alternate method to file the annual report when it was unable to use the submission portal and the 2010 report was not submitted until November 1, 2012.

Dominion also argued that PHMSA had been invoicing Dominion under OPID 2619 since Dominion began operating the facility in 2002 and continued to do so through 2010. Upon review of PHMSA's records, OPID 31664 was created when the Cove Point LNG unit was established in the system on October 20, 2002 per Dominion's request. Respondent should have been aware of OPID 31664 since it made the request for the OPID. Although it received the invoice for OPID 2619 in 2010, in May 2011, it was invoiced for OPID 31664 and was alerted that OPID 2619 was inactive.

Respondent raised a number of other reasons as to why the penalty should be reduced such as: it overlooked filing the annual report, the failure to submit the 2010 annual report did not result in any harmful or detrimental pipeline safety consequences, and that the failure to submit the 2011 report was purely accidental. I find none of these reasons persuasive.

Respondent had filed annual reports in previous years, which indicates that it was fully aware of the annual reporting requirements. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of $15,000 for violation of 49 C.F.R. § 191.17.

In summary, having reviewed the record and considered the assessment criteria for the Item cited above, I assess Respondent a total civil penalty of **$15,000**.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require such payment to be made by wire transfer through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-341), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 269039, Oklahoma City, Oklahoma 73125. The Financial Operations Division telephone number is (405) 954-8893.

Failure to pay the $15,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a district court of the United States.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a Petition for Reconsideration of this Final Order. The petition must be sent to: Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address. PHMSA will accept petitions received no later than 20 days after receipt of service of this Final Order by

the Respondent, provided they contain a brief statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.215. The filing of a petition automatically stays the payment of any civil penalty assessed. Unless the Associate Administrator, upon request, grants a stay, all other terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

for: Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

JUL 11 2013
Date Issued