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**VIA ePUC and U.S. MAIL**  
March 30, 2018

Ms. Judith C. Whitney, Clerk  
VERMONT PUBLIC UTILITY COMMISSION  
People's United Bank Building, 4<sup>th</sup> Floor  
112 State Street  
Montpelier, VT 05620-2701

Re: Case No. 18-0395-PET - Notice of Probable Violations by Vermont Gas Systems, Inc.  
for certain aspects of the construction of the Addison Natural Gas Project

Dear Ms. Whitney:

On behalf of Vermont Gas Systems, Inc. ("VGS"), enclosed please find a Proposed Order and the Stipulated Remedial Action Compliance Plan for filing in connection with the above-referenced case. In its February 28 Response to the NOPV, VGS indicated that it would be filing these additional items.

If you have any questions, please do not hesitate to contact me.

Sincerely,

SHEEHEY FURLONG & BEHM P.C.

  
Debra L. Bouffard

DLB/ams  
Enclosures

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Notice of Probable Violations for Certain )  
Aspects of the construction of the Addison ) Case No. 18-0395-PET  
Natural Gas Project )

**[PROPOSED] ORDER**

**Introduction**

On February 16, 2018, pursuant to Commission Rule 6.100, the Department of Public Service (“Department”), served a Notice of Probable Violations (“NOPV”) on Vermont Gas Systems, Inc. (“Vermont Gas” or the “Company”) regarding certain aspects of construction of the Addison Natural Gas Project (“ANGP” or the “Project”). In this Order, the Vermont Public Utility Commission (“Commission”) approves the Stipulated Remedial Action Compliance Plan agreed to by Vermont Gas and the Department, it orders Vermont Gas to pay the requested \$25,000 fine, and it closes this matter.

**Discussion**

The NOPV states that the Company violated pipeline safety standards with respect to pipe support and the installation of trench breakers in several areas during the construction of the ANGP. As well, the NOPV includes the Department’s concerns regarding certain pipeline coating issues, but for which no probable violation was alleged. The Department sought remedial action, including additional inspections/surveys, which the Department has concluded will address the issues raised in its NOPV. In addition, the Department has sought a civil penalty in the amount of \$25,000.

On February 28, 2018, Vermont Gas filed a response to the NOPV. VGS expressed its disagreement with certain conclusions set forth by the Department in its NOPV, but VGS agreed to accept the proposed remedial action and civil penalty. In its Response, pursuant to Commission Rule 6.104(E)(1) and (2), and 6.104(G), VGS also stated that it would file a compliance plan once it had shared that with the Department, and that VGS was not requesting a hearing on the NOPV.

On March 30, 2018, Vermont Gas submitted a Stipulated Remedial Action Compliance Plan (“Compliance Plan”), agreed to by VGS and the Department.

We have considered the NOPV and VGS' Response, as well as the stipulated Compliance Plan filed by VGS. Consistent with the recommendations of the Department, we find that the public interest will be served by the remedial measures outlined in the Compliance Plan and the proposed civil penalty recommended by the Department. Accordingly, we accept the Compliance Plan and recommended \$25,000 penalty.

**Order**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Vermont Public Utility Commission of the State of Vermont that:

1. The Stipulated Remedial Action Compliance Plan is accepted.
2. Vermont Gas is directed to pay a penalty in the amount of \$25,000. Vermont Gas is directed to make its payment no later than 30 days from the date of this Order and make the check payable to the State of Vermont, to be forwarded to the Clerk of the Commission.

Dated at Montpelier, Vermont, this \_\_\_\_day of \_\_\_\_\_, 2018.

\_\_\_\_\_)  
\_\_\_\_\_) PUBLIC UTILITY  
\_\_\_\_\_) COMMISSION  
\_\_\_\_\_) OF VERMONT  
\_\_\_\_\_) )

OFFICE OF THE CLERK

FILED: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
Clerk of the Commission

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov))*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within thirty days. Appeal will not stay the effect of this Order, absent a further Order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within ten days of the date of this decision and order.*

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**STATE OF VERMONT  
PUBLIC UTILITY COMMISSION**

Case No. 18-0395-PET

Notice of Probable Violations for Certain Aspects of )  
the construction of the Addison Natural Gas Project )

**Stipulated Remedial Action Compliance Plan**

Vermont Gas Systems, Inc. ("Vermont Gas" or "VGS") and the Department of Public Service ("Department") submit this Stipulated Remedial Action Compliance Plan ("Compliance Plan") for this Notice of Probable Violation regarding construction of the Addison Natural Gas Project ("ANGP" or the "Project"). As set forth in VGS's February 28, 2018 filing regarding this matter, VGS accepts the Department's recommended remedial action and the civil fine imposed. The Department and VGS have conferred regarding the timing, criteria, and other details of the recommended remedial action. They request that the Public Utility Commission ("Commission") enter an order requiring Vermont Gas to follow this Compliance Plan in resolution of this Notice of Probable Violation:

**Civil Fine:** VGS shall tender payment of the \$25,000 fine by certified check payable to the Commission, as set forth in the Department's Notice of Probable Violation, within five (5) business days of the Commission's order approving this Compliance Plan.

**Remedial Action:** As Remedial Action, Vermont Gas shall comply with the below inspections and conditions:

1. Vermont Gas shall reduce the maximum time between in-line inspection ("ILI") runs for both metal loss and geometry to once every five years, with a maximum interval of 63 months.
2. Within 6 months of the ILI, Vermont Gas also shall conduct a close interval survey ("CIS") of the effectiveness of the cathodic protection. Vermont Gas shall integrate the results with the ILI results. All areas of poor cathodic protection should be remedied and mitigated promptly. For purposes of this plan, "Poor cathodic protection" shall mean any area with a reading that does not meet the minus 0.85 VDC standard for both 'on' and 'off'. Furthermore, if metal loss of greater than 20% is noted, the mitigation of the affected pipe shall take place within 12 months of discovery. The Department and Vermont Gas agree that a 12-month time period for remediating these areas is appropriate and necessary for planning and construction in light of seasonal weather issues that may bear on when mitigation work can occur provided that the pipeline's safety factor remains above 10% of the class location (Class 3 or 50% SMYS) factor during the entire period when taking corrosion rates into account. Corrosion rates will be used as defined in NACE SP0502 (16 mils per year as the default rate) unless the actual rate is known for the exact location or can be calculated per the standard.
3. Within six months of the ILI described above, Vermont Gas also shall conduct a coating survey using either direct current voltage gradient ("DCVG") or alternating current voltage gradient ("ACVG"). Vermont Gas will integrate the results of the coating survey with other surveys set forth above. All moderate and severe coating anomalies identified by the integrated data, as those terms are defined in VGS's

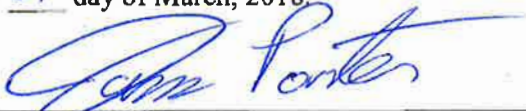
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Transmission IMP Plan (Section 7A), shall be excavated and remediated within 12 months. Furthermore, during the inspection of coating damage, measurements shall be taken to determine if metal loss is present. If over 40% of wall loss is found, the pipe shall be repaired to its original strength.

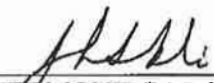
4. Within 90 days of the completion of the ILI, Vermont Gas shall have a final report on the ILI findings. The Department and VGS agree that this period provides adequate time for Vermont Gas to require its ILI contractor to provide its findings for review, and for Vermont Gas to complete the final report of the ILI survey.
5. Within 120 days of the completion of the ILI runs, Vermont Gas shall complete a report integrating and analyzing the ILI results (both geometry and metal loss); the cathodic protection CIS survey results; and the coating survey results. The integrated report shall note all metal loss of 10% or greater; all areas where the cathodic protection does not meet the minus 0.85 VDC standard for either on or off potentials; and all moderate or severe coating anomalies, as those terms are defined in Vermont Gas's Transmission IMP Plan (Section 7A). The Department and Vermont Gas agree that this period provides adequate and appropriate time for the company to integrate the results of all of these inspections, particularly given the amount of data that will be generated over time after the initial round of testing.
6. Vermont Gas shall provide all of the above final reports to the Department promptly upon completion but no later than 10 business days, and shall make available all raw data, surveys and analyses received or produced regarding these required inspections. Vermont Gas will also document its steps taken to remedy any findings from these inspections that require action as noted.

The Department and Vermont Gas agree that the civil fine and remedial action set forth above fully address this Notice of Probable Violation. The Department and Vermont Gas request that the Commission enter an order approving this Compliance Plan and closing this matter.

Dated at Montpelier, Vermont this 27 day of March, 2018.

By:   
VERMONT DEPARTMENT OF PUBLIC SERVICE  
James Porter, Esq.  
Jake Clark, Esq.  
112 State Street  
Montpelier, VT  
[James.porter@vermont.gov](mailto:James.porter@vermont.gov)  
[Jake.clark@vermont.gov](mailto:Jake.clark@vermont.gov)

Dated at South Burlington, Vermont this 22 day of March, 2018.

By:   
VERMONT GAS SYSTEMS, INC.  
John St. Hilaire  
Vice President of Operations  
85 Swift Street  
South Burlington, VT 05403  
[jsthilaire@vermontgas.com](mailto:jsthilaire@vermontgas.com)