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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Request of the
Division of Public Utilities for
Enforcement Action under the Natural
Gas Pipeline Safety Act Against
Questar Gas Company

Docket No. 11-057-_____

**REDACTED
SETTLEMENT STIPULATION**

Pursuant to Utah Code Ann. § 54-7-1 and Utah Administrative Code R746-100-10 (F)(5), the Utah Division of Public Utilities (Division) and Questar Gas Company (Questar Gas or the Company) (collectively the Parties) submit this Stipulation to agree to a settlement of the issues raised in this docket.

PROCEDURAL BACKGROUND

1. On March 20, 2009, at 10:29, Down Under Construction (Down Under) called Blue Stakes requesting marking of underground utilities near 1580 East 400 South, Salt Lake City, Utah where Down Under planned to install fiber optical conduit. However, such marking was not done timely by Questar Gas' locator.
2. On March 24, 2009 Down Under's second bore hit the Questar Gas pipeline. Gas was released as a result of the incident.
3. As a result of the incident, certain roads were closed and several buildings on the University of Utah campus and others nearby were evacuated and several businesses were closed.
4. Mr. David Hassell, the primary investigator for the State of Utah, Division of Public Utilities, concluded that Questar Gas failed to mark its underground facilities within 48 hours of receiving notice. He concluded that Questar Gas violated Utah Code Ann. § 54-8a-5 and failed to follow its Standard Practice 5-00-07, violating R746-409. He also concluded that Questar Gas violated 49 C.F.R. 192.614(c)(5) pertaining to damage prevention.
5. The Division prepared a draft complaint, Attachment 1 hereto. Prior to filing the complaint, the Division met with Questar Gas to discuss the incident.
6. Over the course of the last several months, the Parties have reviewed and discussed the incident and the Company has taken actions to review and revise its own "Blue Stakes" policies. The Division has asked, and the

Company has provided, information pertaining to marking policies and practices. As a result of this information and discussions, rather than the Division filing the complaint and the Company responding thereto, the Parties have determined that it is in the best interest to resolve this matter as provided below.

TERMS AND CONDITIONS

7. Settlement in Public Interest: Following extensive analysis, review, and arms-length negotiations, and without waiver or acceptance of the claims, testimony, or objections of any party, the Parties have agreed to compromise and settle their differences with respect to the attached Draft Complaint and to enter into this Stipulation. The Parties agree that approval of this Stipulation is in the public interest.

8. Recent Implementation of Practices: Questar Gas has recently implemented changes to its locating practices. Questar Gas' locating practices now include the following activities:

a. At the request of Questar Gas, ELM, the main marking company used by Questar Gas, has implemented a "Black, Blue, and Red Report" that helps identify for ELM's supervisors, at a glance, when locations, called tickets, are due for marking. At one day, four hours, and two hours the report identifies those tickets still left to be completed. At each of those points, with tickets not yet completed, the ELM employee gets a phone call from ELM checking the status of the ticket. At the point where there are four hours remaining, and the ticket has not yet been completed, the ELM supervisor gets involved and contacts the employee to make sure that the employee will be able to complete the ticket. If the ELM employee indicates that he/she will be unable to complete the ticket, arrangements are made for another employee to complete the ticket, or the excavator is contacted.

b. Questar Gas has also trained ELM on how to complete the markings of underground natural gas lines. Currently ELM trains its

own employees, and incorporates the training that Questar Gas provides into that training.

c. A Questar Gas employee located in Salt Lake City periodically but infrequently spot checks the tickets that are sent from the Blue Stakes Center of Utah to ELM for the marking of underground natural gas lines.

d. Questar Gas continues to consistently train its employee where the markings of the natural gas lines are to be completed by Questar Gas.

Questar Gas and the Division agree that the practices above are in the public interest, and should be continued. If Questar Gas desires to materially change the above practices, Questar Gas agrees to discuss such changes with the Division prior to implementation of such change.

9. Additional Practices: Questar Gas agrees to implement the additional practices listed below.

a. Expand its existing spot check program. Each month of the year, a Questar Gas employee shall conduct 30 random spot checks for accuracy. The spot check program should establish a goal of conducting at least five spot checks of each ELM field locator per calendar year.

b. Additional seasonal training. Questar Gas shall provide additional training for ELM and appropriate Questar Gas employees by the end of March of each year (before the spring/summer construction season) for each employee of ELM or Questar Gas at the date of training. Such training shall consist of, but not be limited to, four hours of training, consisting of approximately two hours of training on locating and two hours of training on mapping. The Division shall be invited to at least one such training session annually. In March 2011, training was conducted consistent with this provision.

c. Questar Gas currently provides the Division with third party damage reports - what are called "tear out reports." Questar Gas shall increase the frequency and coverage of submitting these reports to the Division. Three tear out reports shall be submitted each year: due April 30, August 31, and December 31.

10. Payment of Fine: Questar Gas agrees to pay a fine of \$4,500 to the General Fund of the State of Utah.

MISCELLANEOUS PROVISIONS

11. All negotiations related to this Stipulation are privileged and confidential and no Party shall be bound by any position asserted in negotiations. Neither the execution of this Stipulation nor the order adopting this Stipulation shall be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any principle or practice, or the basis of an estoppel or waiver by any Party other than with respect to issues explicitly resolved by this Stipulation; nor shall it be introduced or used as evidence for any other purpose in a future proceeding by any Party to this Stipulation except a proceeding to enforce the approval or terms and conditions of this Stipulation, nor shall be deemed an admission of fault or guilt by Questar Gas. The Parties believe that this Stipulation is in the public interest and that the terms and conditions it provides for are just and reasonable.

12. The Company and Division each agree to present testimony of one or more witnesses to explain and support this Stipulation. Such witnesses will be available for examination.

13. The Parties agree that if any other party, entity, or individual challenges the approval of this Stipulation, requests rehearing of any approval of the Stipulation or appeals the approval of this Stipulation, each Party will use its best efforts to support the terms and conditions of the Stipulation at the

Commission and at the applicable appellate court. In the case of the Division, “best efforts” will be construed consistent with the Division’s statutory duties and responsibilities.

14. In the event the Commission rejects any or all of this Stipulation, or imposes any additional material condition on approval of this Stipulation, or in the event the Commission’s approval of this Stipulation is rejected or conditioned in whole or in part by an appellate court, each Party reserves the right to withdraw from this Stipulation. If such a decision of the Commission or an appellate court is issued, any Party contemplating withdrawing from this Stipulation shall notify the other Party to this Stipulation that it is contemplating withdrawing within five business days of the date such decision is issued. Upon receipt of such a notice, the Parties agree to meet promptly and discuss the Commission or court decision and to attempt in good faith to reach a modified stipulation. If the Parties reach impasse in their discussions, any Party may withdraw from the Stipulation by providing written notice of withdrawal to the Commission and the other Party to this proceeding within ten days of reaching impasse.

15. In the event any Party withdraws from this Stipulation, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be

entitled to undertake any steps it deems appropriate.

RESPECTFULLY SUBMITTED: April ____, 2011.

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