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BEFORE THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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Region III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

In The Matter of)
Columbia Gas Transmission, LLC,)
Respondent.) Proceeding to Assess Class II Penalty
Under Section 309(g)(2)(B) of the Clean Water
Act, 33 U.S.C. § 1319(g)(2)(B)
)
) Docket Nos. CWA-03-2012-0078,
) CWA-03-2012-0130 CONSOLIDATED

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**Joint Report on the Status of Settlement Negotiations for Purposes Of
Alternative Dispute Resolution**

Pursuant to the direction of Hon. Barbara A. Gunning, the Parties, by and through counsel, respectfully submit this Joint Report on the Status of Settlement Negotiations. The Complaints in these matters were filed June 29, 2012. On September 4, 2012, Administrative Law Judge Barbara A. Gunning was designated as a neutral to conduct an alternative dispute resolution (ADR) process in Docket No. CWA-03-2012-0078. Judge Gunning filed a report recommending continuation of the ADR process to December 5, 2012. Following motion of the Parties, an order was entered by Chief Administrative Law Judge Biro on November 27, 2012 consolidating the two above-captioned actions and extending the ADR process to December 28, 2012.

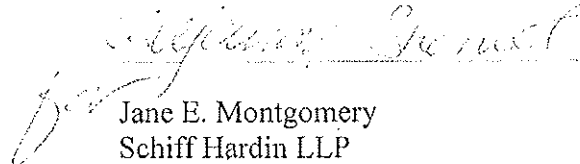
Since the filing of the Administrative Complaints in these matters, the Parties have continued negotiations in order to seek resolution of both Administrative Complaints without further litigation. Among other things, the Parties have pursued the possibility of including a


Supplemental Environmental Project (SEP) (see EPA Supplemental Environmental Projects Policy (effective May 1, 1998) (EPA SEP Policy)) as part of resolution of these matters. In November and December 2012, the Parties exchanged information pertaining to a potential SEP project that both Parties believed would fit within the EPA SEP Policy.

The Parties are continuing to negotiate the elements of a potential SEP, but have not yet reached agreement in principle. The Parties are in the process of attempting to schedule a conference call with representatives from West Virginia Department of Environmental Protection and the West Virginia Department of Natural Resources to further discuss the SEP. Unfortunately, due to intermittent availability of various participants during the holiday season, it is unclear at this time whether that call will occur prior to December 28, 2012. The Parties are continuing to negotiate the elements of a settlement and are in agreement that extending the ADR period would assist in completing resolution of this matter short of litigation. The Parties are prepared to file a motion or further status report seeking an extension of the ADR period to January 25, 2013. While the parties recognize that this date falls outside the initial 60 day period plus the discretionary additional 60-day period from September 4, 2012, the date on which the neutral was assigned, it would fall within 60 days from the date (November 27, 2012) of the Order of Consolidation which for the first time formally included Docket No. CWA-03-2012-

0130 within the ADR process.

Date: December 20, 2012


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