

In the Matter of the Commission's)
Investigation into Ohio Rural Natural Gas) Case No. 16-1578-GA-COI
Co-op and Related Matters)

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's)	
Investigation into Ohio Rural Natural Gas)	Case No. 16-1578-GA-COI
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OHIO RURAL NATURAL GAS CO-OP'S REPLY BRIEF

Ohio Rural Natural Gas Co-op ("ORNG Co-op") is committed to the safe operation of its systems and to compliance with all of the Commission's pipeline safety regulations. If ORNG Co-op were not serious about safety and compliance, it would not have not corrected the majority of instances of noncompliance Staff identified in this proceeding. ORNG Co-op continues to work in good faith to remedy those few instances of noncompliance that remain outstanding. In that regard, ORNG Co-op is confident that the attorney examiners will find Darryl Knight to be a credible witness based on his live testimony, that he is committed to righting-the-ship, and that he has already done so to a large degree. Thus, Staff's arguments that this Commission should declare ORNG Co-op's system a hazardous facility, order ORNG Co-op to cease all operations immediately, and assess a \$600,000.00 fine are unpersuasive.

Staff also criticizes Richard M. Osborne, Sr.'s involvement in ORNG Co-op. (Staff Post-Hearing Br. at 2-6.) ORNG Co-op, however, is a separate and distinct entity from Mr. Osborne. As a cooperative, ORNG Co-op is ultimately controlled by its members, not Mr. Osborne. If at the next annual meeting the cooperative's members find that Mr. Osborne's role in the company is not useful, they can vote him off the board and take action to ensure he is not involved in the cooperative at any level. Commission should therefore not consider Mr. Osborne's role in

ORNG Co-op or his prior dealings with the Commission in deciding upon the fate of ORNG Co-op.

Staff also suggests that the Commission should consider that ORNG Co-op has not cut out and replaced all of the joints in its Duck Creek and Ellsworth Road systems as Staff had requested in its April 5, 2016 Compliance Order. (Staff Post-Hearing Br. at 20.) However, as the Commission is aware ORNG Co-op submitted a counterproposal to Staff regarding these items in the April 5, 2016 Compliance Order. Staff did not respond to the counterproposal until the hearing in this matter. Thus, that ORNG Co-op has not cut out and replaced all of the joints in its Duck Creek and Ellsworth Road systems should not be considered in determining what relief to grant Staff.

Finally, while Staff acknowledges ORNG Co-op has no means of paying the \$600,000 fine it seeks, Staff suggests that such a fine is nonetheless appropriate because Mr. Osborne can pay it. (Staff Post-Hearing Br. at 22.) However, neither the Ohio Revised Code nor this Commission's rules permit the Commission to consider the personal funds of a company's officer in determining a fine. Moreover, there is no evidence in the record to establish that Mr. Osborne is capable of paying a \$600,000 fine. Thus, considering Mr. Osborne's resources in determining what fine, if any, to levy against ORNG Co-op is not appropriate.

For these reasons and the reasons stated in ORNG Co-op's Post-Hearing Brief, ORNG Co-op respectfully requests that the Commission deny Staff's request to declare that ORNG Co-op's facilities are hazardous to life and deny Staff's request that ORNG Co-op be ordered to cease all pipeline construction and operation. ORNG Co-op respectfully requests that the Commission grant Staff's request to order ORNG Co-op to continue to work with Staff to remedy those noncompliance issues still outstanding. ORNG Co-op further requests that the

Commission approve its proposal to uprate the Ellsworth Road System in response to the April 5, 2016 Compliance Order. Finally, ORNG Co-op respectfully requests that the Commission impose a fine of no more than \$50,000.00, with \$40,000.00 of that fine held in abeyance pending ORNG Co-op's completion of its compliance efforts.

Respectfully submitted,

/s/ Richard R. Parsons
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CERTIFICATE OF SERVICE

The PUCO's e-filing system will serve notice of this filing upon counsel for the for the Complainant, the Ohio Consumers' Council, and the Staff of the Public Utilities Commission of Ohio.

Further, I hereby certify that a true and accurate copy of the foregoing was served upon the following on this October 4, 2016, by electronic mail:

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/s/ Richard R. Parsons

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Summary: Brief Reply Brief of Ohio Rural Natural Gas Co-op electronically filed by Mr. Richard R Parsons on behalf of Ohio Rural Natural Gas Co-op