

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Investigation of	:	
Dominion East Ohio Gas Company	:	Case No. 12-380-GA-GPS
Relative to Its Compliance with the	:	
Natural Gas Pipeline Safety Standards and	:	
Related Matters.	:	

STIPULATION AND RECOMMENDATION

Rule 4901-1-30, Ohio Administrative Code (O.A.C.) provides that any two or more parties to a proceeding may enter into a written stipulation covering the issues presented in such a proceeding. The purpose of this document is to set forth the understanding and agreement of the East Ohio Gas Company d/b/a Dominion East Ohio (Dominion) and the Staff of the Public Utilities Commission of Ohio (Staff). Dominion East Ohio and Staff¹ are ("Parties") to this Stipulation and Recommendation (Stipulation), and recommend that the Public Utilities Commission of Ohio (Commission) approve and adopt this Stipulation, which resolves all of the issues in this case.

This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of the issues raised in these proceedings; violates no regulatory principle or precedent; and is the product of lengthy, serious bargaining among know-

¹ Pursuant to O.A.C. 4901-1-10(C) and 4901-1-30, Staff is deemed a party for purposes of entering into this Stipulation.

ledgeable and capable Parties to resolve the aforementioned issues. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission. For purposes of resolving certain issues raised by these proceedings, the Parties stipulate, agree and recommend as set forth below. Except for dispute resolution purposes in this proceeding, neither this Stipulation, nor the information and data contained therein or attached, shall be cited as precedent in any future proceeding for or against either Party, or the Commission itself. This Stipulation is a reasonable compromise involving a balancing of competing positions and it does not necessarily reflect the position that either Party would have taken if these issues had been fully litigated.

The Signatory Parties fully support this Stipulation and request the Commission to accept and approve the terms hereof.

WHEREAS, all of the related issues and concerns raised by the Parties have been addressed in the substantive provisions of this Stipulation and reflect, as a result of such discussions and compromises by the Parties, an overall reasonable resolution of all such issues. This Stipulation is the product of the discussions and negotiations of the Parties and is not intended to reflect the views or proposals that either Party may have advanced acting unilaterally. Accordingly, this Stipulation represents an accommodation of the diverse interests represented by the Parties and is entitled to careful consideration by the Commission;

WHEREAS, this Stipulation represents a serious compromise of complex issues and involves substantial benefits that would not otherwise have been achievable; and

WHEREAS, the Parties believe that the terms and conditions agreed to herein represent a fair and reasonable solution to the issues raised in this case;

NOW, THEREFORE, the Parties stipulate, agree and recommend that the Commission make the following findings and issue its Opinion and Order in this case approving this Stipulation in accordance with the following:

1. Dominion is a natural gas company within the meaning of R.C. 4905.02, 4905.03(A)(6) and 4905.90(G)(1), and is therefore a public utility and an operator subject to the ongoing jurisdiction and supervision of the Commission pursuant to R.C. 4905.02, 4905.04, 4905.05, 4905.06 and 4905.90 through 4905.96, respectively. Accordingly, Dominion East Ohio is required to comply with the gas pipeline safety (GPS) rules in O.A.C. Chapter 4901:1-16, which set forth the safety standards and requirements for intrastate gas pipeline facilities subject to the Commission's jurisdiction. The GPS rules incorporate by reference the United States Department of Transportation's GPS standards and requirements contained in 49 C.F.R. Part 192 which the Commission adopted in *In the Matter of Adopting Chapter 4901:1-16 of the Administrative Code*, Case No. 90-1031-GE-ORD, and which the Commission has revised at various times, most recently in *In the Matter of the Amendment of Rules in Chapter 4901:1-16-01 and 4901:1-16-02, Ohio Administrative Code, to Incorporate Recent Changes in Federal Regulations Regarding Gas Pipeline Safety*, Case No. 11-5391-GA-ORD, and which is codified as O.A.C. 4901:1-16-03.

2. Dominion operates and maintains a gas distribution pipeline system that provides service to approximately 1.2 million customers in Ohio.
3. Staff alleges in its Report of Investigation² that Dominion failed to comply with the following sections of the Minimum Federal Safety Standards Part 192:
 - a. Part 192.13(c): Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.
 - b. Part 192.619(a)(1): No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following: (1) The design pressure of the weakest element in the segment, determined in accordance with subparts C and D of this part.
 - c. Part 192.739(a)(4): Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

² *In re Dominion East Ohio*, Case No. 12-380-GA-GPS (Staff Report of Investigation) (January 23, 2012). The Staff Report of Investigation was filed in this case on January 23, 2012. The “Discussion of Violations” contained in the Staff Report of Investigation is fully incorporated herein by reference. *Id.* at 2-5.

- d. Part 192.739(a): Each pressure limiting station, relief device (except rupture disks), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year to inspections and tests to determine that it is- (1)in good mechanical condition.
 - e. Part 192.603(b): Each operator shall keep records necessary to administer the procedures established under § 192.605.
4. In its Report, Staff made six recommendations to the Commission as a result of Staff's investigation. After discussions between Dominion and Staff regarding these recommendations, Dominion agrees to complete the following actions, and Staff agrees that completion of these actions shall satisfy Staff's recommendations:
- a. Dominion is in the process of conducting a physical inventory of all regulator stations in its Ohio pipeline distribution systems. A copy of this regulator station inventory and a summary of the results of the design and engineering analysis, and the review of low pressure regulating stations in comparison to the attached Appendix 1, will be provided to Staff by December 31, 2012. Dominion will utilize this inventory to complete the following actions.
 - i. Dominion shall ensure that all regulator stations are designed and engineered in accordance with Part 192.619(a)(1), 192.739(a)(4), and 192.13(c) (specifically, Measurement and Regulation Facility Design --

6.1.1. and Design and Construction Manual – Section 6.8) and any Part 192 requirement applicable to regulator design.

ii. Low pressure regulators determined not to be in compliance with Part 192.619(a)(1), 192.739(a)(4), and 192.13(c) (specifically, Measurement and Regulation Facility Design – 6.1.1. and Design and Construction Manual – Section 6.8) and any Part 192 requirement applicable to regulator design will be brought into compliance by March 31, 2013.

iii. Regulators, other than low pressure regulators, identified not to be designed and engineered in compliance with Part 192.619(a)(1), 192.739(a)(4), and 192.13(c) (specifically, Measurement and Regulation Facility Design – 6.1.1. and Design and Construction Manual – Section 6.8) and any Part 192 requirement applicable to regulator design shall be brought into compliance by June 30, 2013.

iv. Construction work on low pressure regulating stations that require modifications to meet the design criteria shown in Appendix 1 will commence as soon as possible in 2013 and be completed as soon as possible, but not later than September 30, 2013.

v. Written progress reports of the regulator stations determined not to be in compliance with Part 192.619(a)(1), 192.739(a)(4), and 192.13(c) (specifically, Measurement and Regulation Facility Design – 6.1.1. and Design and Construction Manual – Section 6.8) and any Part 192

requirement applicable to regulator design and low pressure regulating stations that require modifications to meet the design criteria shown in Appendix 1 shall be provided to Staff on a monthly basis beginning 30 days from the issuance of the Opinion and Order in this proceeding.

- b. Within 60 days of issuance of an Opinion and Order in this proceeding, Dominion will modify its Standard Operating Procedures to require an inspector to perform an internal inspection of a regulator when pipeline fluids are suspected. Dominion agrees to complete all associated training and I/T modifications required to facilitate the new Standard Operating Procedures by December 31, 2012.
- c. Dominion will develop a written fluid mitigation program designed to detect and remove, to the maximum extent practicable, fluids in its pipeline system. The program will address the monitoring of transfer points from production operations and the assessment of lines for the presence of pipeline fluids through monitoring of drips, internal inspection, or other methods based on sound engineering principles. Dominion will provide Staff with a copy of the plan for review within 60 days of the Opinion and Order in this case.
- d. Dominion will compare the regulator stations identified in the Strategic Asset Management System database with the Regulator Station Inspection System and reconcile any discrepancies between the two databases by June 1, 2013. Dominion will provide Staff with monthly written updates on the

status of this project beginning 30 days from the Opinion and Order in this proceeding.

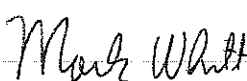
- e. Dominion East Ohio will pay a civil forfeiture of \$500,000 within ten (10) business days of the Commission Order adopting this Stipulation, payable by certified check to the "Treasurer State of Ohio" and delivered to Commission Staff. Dominion East Ohio may not recover this forfeiture in any pending or future proceeding before the Commission, as set forth by Ohio Adm. Code 4901:1-16-14(C).
5. The Parties agree that this Stipulation establishes no precedent to be relied upon in any manner in any pending or future proceeding, except any proceeding that may be necessary to enforce the provisions of this Stipulation.
6. This Stipulation constitutes a compromise resolution by the Parties of all issues raised by the Parties in this case. The Parties agree that if the Commission rejects all or any part of this Stipulation, or otherwise materially modifies its terms, either Party shall have the right, within thirty (30) days after the date of the Commission's order, either to file an application for rehearing or to terminate and withdraw from the Stipulation by filing a notice termination and withdrawal with the Commission in this proceeding. If an application for rehearing is filed and if the Commission does not, on rehearing accept the Stipulation without material modification, either Party may terminate and withdraw from the Stipulation by filing a notice of termination and withdrawal with the Commission in this proceeding within ten (10) business days after the date of the Commission's Entry on Rehear-

ing. Upon filing of a notice of termination and withdrawal by either party, the Stipulation shall immediately become null and void. In such event, a hearing shall go forward and the Parties shall be afforded the opportunity to present evidence through witnesses, to cross-examine all witnesses, to present rebuttal testimony, and to file briefs on all issues, and to have this proceeding decided on the record and brief as if the Stipulation had never been executed.

7. The Parties understand and agree that this Stipulation is not binding on the Commission; however, the Stipulation is entitled to the Commission's careful consideration, the Parties agree that the Stipulation is in their best interest, and the public interest, and urge the Commission to adopt the same.

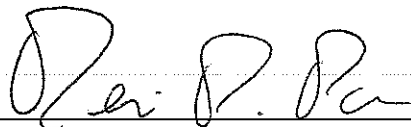
The undersigned hereby stipulate and agree and each represent that it is authorized to enter into this Stipulation and Recommendation this 15th day of October 2012.

**On behalf of The East Ohio Gas
Company d/b/a Dominion East Ohio**

 *via e-mail authority
10/15/12*

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Appendix 1 – Regulator Station Design Matrix

Applicable to Low Pressure District Regulator Stations without upstream cleaners

Regulation				Overpressure Protection				Remediation Required	
Regulator Configuration	W/M Self Operating	(Or) W/M Dissimilar	(Or) W/M Pilot Operating	Full Relief	Slamshut	Partial Relief	Active Hi Low	Y/N	Description
Monitor	X	X	X	X			Y	N	Minimum of one self operated regulator with full relief and hi low alarm
Monitor	X	X	X		X		Y	N	Minimum of one self operated regulator with slamshut overpressure protection and hi low alarm
Monitor	X	X				X	Y	N ⁽¹⁾	Minimum of one self operated regulator with partial relief and alarm
Monitor	X	X					Y	N ⁽¹⁾	Minimum of one self operated regulator with alarm
Monitor			X				Y	Y	Two pilot operated regulators with alarm, no additional overpressure protection
Monitor			X			X	Y	Y	Two pilot operated regulators with alarm and additional partial relief
	Self Operating (W)	or Pilot (W)							
Single	X	X		X			Y	N	Single regulator with full capacity relief
Single	X	X		X	X		Y	N	capacity relief and slamshut

⁽¹⁾ Regardless of the "Remediation Required" table, a full relief or slamshut will be provided for any regulator station feeding a low pressure system that has a single pressure cut of greater than 100 psig.

⁽²⁾ Lima distribution is excluded – no local production gas.

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Case No(s). 12-0380-GA-GPS

Summary: Stipulation Stipulation and Recommendation electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO