

**BEFORE**  
**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Investigation of the :  
**Cobra Pipeline Company, Ltd.** Relative : Case No. 14-1640-GA-GPS  
to its Compliance with the Natural Gas :  
Pipeline Safety Standards and Related :  
Matters. :

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**STIPULATION AND RECOMMENDATION**

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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 Cobra Pipeline Company, Ltd. (Cobra) and the Staff of the Public Utilities Commission of Ohio (Staff). Cobra and Staff<sup>1</sup> 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-

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<sup>1</sup> 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. Cobra is a natural gas company within the meaning of R.C. 4905.02, 4905.03(E) and 4905.90(J)(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, Cobra 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. Parts 40, 191, 192 and 199 (the Pipeline Safety Regulations) as enabled through R.C. 4905.91 and O.A.C. 4901:1-16-03.
2. At the time of the Staff's investigation and report being filed in this case, Cobra operated and maintained approximately 92 miles of transmission and 131 miles of regulated gathering piping.
3. The Staff conducted a pipeline safety inspection of the facilities and records at Cobra's operating center in Pleasantville, Ohio from June 9, 2014 to June 11, 2014. The purpose of the inspection was to assess compliance of Cobra with the

requirements of the Gas Transmission Pipeline Integrity Management (IM) rule, and to review their progress towards completing their initial baseline assessment, under Subpart O of 49 C.F.R. § 192. Through its investigation, the Staff determined that Cobra operated two segments of pipeline identified in a High Consequence Area (HCA), pursuant to 49 C.F.R. § 192.905, and subject to the IM requirements of Subpart O under 49 C.F.R. § 192. These pipeline segments are both located in Trumbull County and have a combined length of approximately one mile. Companies were required to identify covered segments within an HCA and develop a written IM program to address those vulnerabilities by December 17, 2004, pursuant to 49 C.F.R. § 192.907. Operators were required to complete an initial baseline assessment of all covered segments by December 17, 2012, pursuant to 49 C.F.R. § 192.921. As a result of its investigation, the Staff issued Cobra a Notice of Probable Non-Compliance (Notice) on July 16, 2014 citing violations of 49 C.F.R. § 192 Subpart O “Gas Transmission Pipeline Integrity Management”. Cobra responded to the Notice on August 8, 2014 and did not dispute the Staff findings.

4. Staff alleges in its Report of Investigation<sup>2</sup> that Cobra failed to comply with the following sections of the Minimum Federal Safety Standards Part 192:

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<sup>2</sup> *In re the Investigation of Northeast Ohio Natural Gas Company*, Case No. 14-1640-GA-GPS (Staff Report of Investigation) (September 23, 2014). The Staff Report of Investigation will be identified and admitted into evidence as Staff Exhibit 1. The “Discussion of Violations” contained in the Staff Report of Investigation is fully incorporated herein by reference. *Id.* at 4-5.

- a. 49 C.F.R. § 192.907: “No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in 192.911 and that addresses the risks on each covered transmission pipeline segment.” Cobra did not develop or follow a written IM program other than identifying HCAs. Cobra did not: (1) develop a baseline assessment plan; (2) identify potential threats to each of their covered pipeline segments; and (3) address the risks on their covered pipeline segments.
- b. 49 C.F.R. § 192.915: “What knowledge and training must personnel have to carry out an integrity management program?” The IM program must provide that each supervisor whose responsibilities relate to the IM program possesses and maintains a thorough knowledge of the IM program and of the elements for which the supervisor is responsible. The IM program must also provide for the minimum qualifications of all personnel tasked with conducting, reviewing or making decisions during implementation of the program or who implements preventive and mitigative measures to carry out the program. Cobra does not have trained supervisory personnel and/or staff qualified to carry out an IM program.
- c. 49 C.F.R. § 192.921(d): “An operator must prioritize all the covered segments for assessments in accordance with 192.917 (c) and paragraph (b) of this section. An operator must assess at least 50% of the covered segments beginning with the highest risk segments, by December 17, 2007.

An operator must complete the baseline assessment of all covered segments by December 17, 2012.” Cobra does not have records to demonstrate that it has conducted a baseline assessment.

5. In its Report, the Staff made several recommendations to the Commission as a result of its investigation. After discussions between Cobra and Staff regarding Staff’s recommendations, the Parties agree to the following conditions and recommendations:
  - a. Cobra shall develop a written IM program not later than December 31, 2014. The program shall include:
    1. Criteria for identifying HCAs that meet the requirements of 49 C.F.R. 192.905;
    2. Criteria for the qualification of supervisory personnel and/or staff that meet the requirements of 49 C.F.R. 192.915;
    3. Identification of potential threats to pipeline integrity, which shall include data integration, a risk assessment, and actions to address particular threats, in accordance with the requirements of 49 C.F.R. 192.917;
    4. A schedule to assess covered segments based on the results of the risk assessment; and
    5. A plan to conduct a baseline assessment that meets the requirements of 49 C.F.R. 192.919.
  - b. After completion of a written IM program, Cobra shall assess its system to determine if it operates any additional covered pipeline segments located within a HCA. Any newly-identified areas shall be incorporated into the Cobra baseline assessment plan no later than July 1, 2015.

- c. Cobra shall complete a baseline assessment of its known covered pipeline segment and any additional covered pipeline segment that may be identified no later than December 31, 2015. This assessment shall conform to the requirements for a baseline assessment as defined in 49 C.F.R. 192.921. Assessment methods shall be chosen that are appropriate to address the threats to the covered pipeline segments identified in the baseline assessment plan.
  - d. Cobra agrees to a civil forfeiture of \$7,500 which is payable within ten (10) business days of the Commission Order adopting this Stipulation, payable by certified check to the "Treasurer State of Ohio" and will be deposited in the State Treasury to the Credit of the General Revenue Fund. Cobra further agrees to an additional \$90,000.00 forfeiture be assessed and held in abeyance pending successful completion of the IM program as identified in the Parties conditions and recommendations by the dates listed. If Cobra is successful and complies with all the Parties conditions and recommendations, as determined by the Commission, the additional forfeiture held in abeyance shall be waived.
6. The Parties agree that this Stipulation establishes no precedent to be relied upon in any manner in any other proceeding except any proceeding that may be necessary to enforce the provisions of this Stipulation.

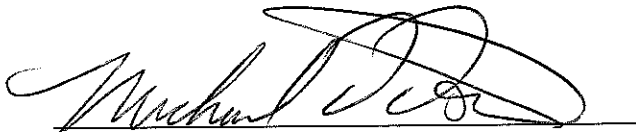
7. The Staff Report of Investigation filed with the Docketing division of the Commission on September 23, 2014 should be identified and admitted into evidence as Staff Exhibit 1.
8. This Stipulation shall be designated as Joint Exhibit 1 and admitted into evidence in this proceeding.
9. This Stipulation 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 Rehearing. 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.



10. 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 13 day of January 2015.

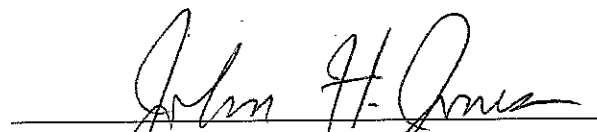
**On behalf of the Cobra Pipeline  
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**Case No(s). 14-1640-GA-GPS**

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