

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE COMMISSION'S
INVESTIGATION INTO COBRA PIPELINE CO.,
LTD AND RELATED MATTERS.

CASE NO. 14-1709-GA-COI

ENTRY

Entered in the Journal on October 26, 2016

I. SUMMARY

{¶ 1} The Commission selects Schumaker & Company to conduct the audit services necessary to assist with the investigative audit of Cobra Pipeline Company, LTD and Orwell-Trumbull Pipeline Company, LLC.

II. DISCUSSION

{¶ 2} Orwell-Trumbull Pipeline Company, LLC (OTP) and Cobra Pipeline Company, LTD (Companies) are pipeline companies under R.C. 4905.03 and public utilities as defined in R.C. 4905.02, and, as such, are subject to the jurisdiction of this Commission.

{¶ 3} On September 19, 2014, and March 31, 2015, Orwell Natural Gas Company (Orwell) filed complaints in Case No. 14-1654-GA-CSS (14-1654) and Case No. 15-637-GA-CSS (15-637), respectively, against OTP pursuant to R.C. 4905.26. Both complaints relate to a reasonable arrangement for natural gas transportation services (Agreement) between Orwell and OTP, approved by the Commission pursuant to R.C. 4905.31. *In re Orwell-Trumbull Pipeline Co., LLC*, Case No. 08-1244-PL-AEC, Entry (Dec. 19, 2008).

{¶ 4} Following a hearing, the Commission issued an Opinion and Order in 14-1654 and 15-637 on June 15, 2016, finding that 14-1654 should be dismissed, and finding, in 15-637, that the arbitration provision of the Agreement should be suspended until further ordered by the Commission, that Orwell's request for refunds should be denied, that the Agreement should be modified as set forth in the Opinion and Order, and that OTP should file a rate case application pursuant to R.C. Chapter 4909 to establish just and reasonable rates for service. *In re Complaint of Orwell Natural Gas Co. v. Orwell-Trumbull Pipeline Co., LLC*, Case No. 14-1654-

GA-CSS, et al. (*Complaint Case*), Opinion and Order (June 15, 2016). The Commission also found that, since the approval of the Agreement, there have been legitimate concerns as to whether the Agreement was an arm's-length transaction. As a result, the Commission ordered that the subject matter of the above-captioned case be expanded to include an investigation of all pipeline companies owned or controlled by Richard Osborne and their affiliates that are subject to the jurisdiction of the Commission, namely the Companies. *Complaint Case* at 44.

{¶ 5} On September 14, 2016, the Commission issued an Entry directing Staff to issue a request for proposal (RFP) for the audit services necessary to assist with the investigative audit of the Companies. Prospective bidders were directed by the Commission to submit proposals to Staff by October 7, 2016. Bidders were directed to demonstrate their understanding of the project and the work required by showing a clear understanding of the tasks to be completed, the experience and qualifications of the personnel who will perform the work, and the anticipated breakdown of costs and timing.

{¶ 6} The proposals received in response to the RFP have been evaluated and, after consideration of those proposals, the Commission selects Schumaker & Company (Schumaker). The Commission finds that Schumaker has the necessary experience to complete the required work.

{¶ 7} The Companies shall enter into a contract with Schumaker by November 9, 2016, for the purpose of providing payment for its auditing services. The contract shall incorporate the terms and conditions of the RFP, the auditor's proposal, and relevant Commission entries in this case.

{¶ 8} The Commission shall select and solely direct the work of the auditor. Staff will review and approve payment invoices submitted by the auditor.

{¶ 9} Schumaker will execute its duties pursuant to the Commission's statutory authority to investigate and acquire records, contracts, reports, and other documentation

under R.C. 4903.02, 4903.03, 4905.06, 4905.15, and 4905.16. Schumaker is subject to the Commission's statutory duty under R.C. 4901.16, which provides:

Except in his report to the public utilities commission or when called on to testify in any court or proceeding of the public utilities commission, no employee or agent referred to in section 4905.13 of the Revised Code shall divulge any information acquired by him in respect to the transaction, property, or business of any public utility, while acting or claiming to act as such employee or agent. Whoever violates this section shall be disqualified from acting as agent, or acting in any other capacity under the appointment or employment of the commission.

{¶ 10} Upon request of Schumaker or Staff, the Companies shall provide any and all documents or information requested. The Companies may conspicuously mark such documents or information "confidential" if the Companies believe the document should be deemed as such. In no event, however, shall the Companies refuse or delay in providing such documents or information.

{¶ 11} Once disclosure is permitted by R.C. 4901.16, the following process applies to the release of any document or information marked as confidential. Three days' prior notice of intent to disclose shall be provided to the party claiming confidentiality. Three days after such notice, Staff or the auditor may disclose or otherwise make use of such documents or information for any lawful purpose, unless the Commission receives a request for a protective order pertaining to such documents or information within the three-day notice period. The three-day notice period will be computed according to Ohio Adm.Code 4901-1-07.

{¶ 12} Schumaker shall perform its audit and investigation as an independent contractor. Any conclusions, results, or recommendations formulated by Schumaker may be examined by any participant to this proceeding. Further, it shall be understood that the Commission and/or its Staff shall not be liable for any acts committed by Schumaker or its agents in the preparation and presentation of the report.

III. ORDER

{¶ 13} It is, therefore,

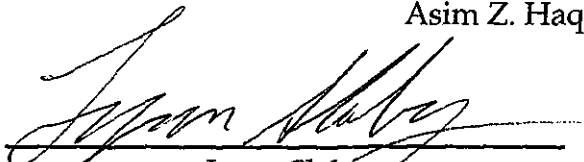
{¶ 14} ORDERED, That Schumaker be selected to perform the consulting activities set forth above. It is, further,

{¶ 15} ORDERED, That the Companies and Schumaker shall observe the requirements set forth herein. It is, further,

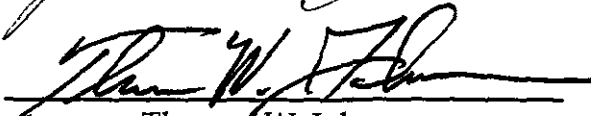
{¶ 16} ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman


Lynn Slaby


M. Beth Trombold

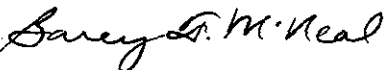

Thomas W. Johnson


M. Howard Petricoff

SJP/HW/sc

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OCT 26 2018



Barcy F. McNeal
Secretary