



Public Utilities Commission

Asim Z. Haque, Chairman

Commissioners

Lynn Slaby
M. Beth Trombold
Thomas W. Johnson
Vacant

February 23, 2017

Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, OH 43215

Re: Case No. 16-1578-GA-COI

Commissioners,

This letter serves as Public Utilities Commission of Ohio (Commission or PUCO) Staff's update regarding ongoing gas pipeline safety (GPS) compliance issues with Ohio Rural Natural Gas Co-op (ORNG). On January 18, 2017, the Commission issued an Opinion and Order that found ORNG's facilities are a "hazard to life and property" and that ORNG "lacks the knowledge, expertise, and management to safely operate a gas pipeline". In this order, the Commission also directed ORNG to do the following:

- Correct all violations cited in the July 15, 2016 Staff Report and demonstrate to the Commission that it has the knowledge and organization to consistently follow the GPS regulations;
- Immediately suspend all operations at the Duck Creek Road and Ellsworth Road systems, including depressurizing and purging pipelines containing natural gas;
- Not reconnect any existing customers or connect any new customers without the express authorization of the Commission;
- Work with Staff to assist customers in obtaining alternative sources of energy; and,
- Suspend service to its remaining systems by March 1, 2017

Following the issuance of the Commission's Order, Staff became aware of reductions in the ORNG Staff, including the fact that Darryl Knight, the former President of the board and General Manager who testified that he would bring the cooperative into compliance with safety regulations, is no longer working with ORNG. Staff also attempted to verify that ORNG was properly equipped to handle an emergency if one should arise by placing test calls to the published emergency number. Staff was unable to reach anyone who was qualified to respond to a gas pipeline emergency.

Out of concern for ongoing GPS violations, and in light of the directives in the Order, on February 13, 2017, Staff requested, among other things, documents demonstrating ORNG's compliance with 49 CFR 192 Subpart N, to verify the qualifications of pipeline personnel to respond to emergency calls by customers.

180 East Broad Street
Columbus, Ohio 43215-3795

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On February 14, 2017, Staff Gas Pipeline Inspectors Chris Domonkos and Keith Topovsky met with ORNG personnel to discuss the Company's progress on complying with the Commission's Order regarding management, proper abandonment of the Duck Creek Road and Ellsworth Road systems, its current emergency response capabilities, and its efforts toward assisting customers in finding alternate energy sources.

It is Staff's observation that there is still no one overseeing compliance activities at ORNG. The Company reports that it is in the process of looking for a general manager and a compliance person to handle day-to-day compliance operations.

ORNG was able to provide Staff with records to show that the Duck Creek Road and Ellsworth Road systems had been abandoned. Staff also verified the abandonment through direct observation.

Staff inquired as to whether or not ORNG had personnel who were qualified to respond to an emergency on the system if one were to occur. ORNG appears to have added three individuals to its operation that are available to respond to emergencies. Staff reviewed their records and is satisfied that these individuals meet the necessary qualifications to properly respond to a pipeline safety emergency and/or abnormal operating condition.

Staff also noted that ORNG has failed to assist its customers in finding alternate heat sources as ordered by the Commission. The only action that ORNG has taken thus far is to refer customers to the PUCO call center.

In light of customer requests for an extension of time to find an alternative fuel source, requiring the Commission to balance the safety of the pipeline and the safety of customers during the winter heating season, Staff further requested assurances of the immediate safety of the pipeline facilities, specifically suggesting that the company conduct leak testing of the entire system to ensure that no hazardous leaks exist.

On February 21, 2017, Keith Topovsky again met with ORNG personnel. The purpose of this review was to examine the results of recent inspections, including the leak survey agreed to by the company, to verify that they were completed correctly and by qualified personnel.

ORNG performed a leak survey of its entire system from February 15 through February 20, 2017. In order to do a leak survey properly, the survey must be completed by a qualified person using the correct type of leak detection equipment that has been calibrated according to manufacturer requirements. Mr. Topovsky was able to verify that the leak survey was conducted by one of the employees whose qualifications were verified during the February 14 inspection. He also verified that the leak detector was of the correct type and had been calibrated by a third party on September 2, 2016. No leaks were found on the system.

In conclusion, Staff still has many concerns about the safety of the system, as previously outlined in the July 15, 2016 Staff Report and ordered to be corrected by the Commission's January 18, 2017 Opinion and Order. The addition of qualified personnel to respond to emergencies was an important step towards ensuring the short-term safety of the public and the results of the leak survey show that the

system is currently intact. However, ORNG remains in violation of GPS standards. The company's lack of compliance management and its history of failing to follow the law leaves Staff with many doubts about the viability of ORNG and its gas pipeline system in the long-term.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Fadley". The signature is fluid and cursive, with the first name "Rob" and last name "Fadley" clearly distinguishable.

Rob Fadley
Chief, Facility and Operations Field Division
Service Monitoring and Enforcement Department

(Attachment)



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SERVED ON FEBRUARY 13, 2017 VIA HAND DELIVERY TO MICHAEL DORTCH AND EMAILED TO REGISTERD AGENT, RICHARD PARSONS (RP.PARSONS@KRAVITZLLC.COM)

February 13, 2017

Richard R. Parsons
Registered Agent, Ohio Rural Natural Gas Co-op
Kravitz, Brown & Dortch
65 East State St., Ste. 200
Columbus, OH 43215

Michael D. Dortch
Kravitz, Brown & Dortch
65 East State St., Ste. 200
Columbus, OH 43215

Dear Mr. Parsons and Mr. Dortch:

It has come to our attention that Ohio Rural Natural Gas Co-op (ORNG)(ID # 39254) has made reductions in its work force since the Opinion and Order of the Public Utilities Commission of Ohio (PUCO) issued on January 18, 2017 in Case No. 16-1578-GA-COI (16-1878-GA-COI Order). The PUCO Pipeline Safety Section is now concerned that ORNG is in violation of both the existing pipeline safety requirements of the state of Ohio and the United States Department of Transportation, as well as the 16-1578-GA-COI Order.

In order to protect the public, the Office of Pipeline Safety will come to your office at 7001 Center St., Mentor, OH 44060, at 1 PM on Tuesday, February 14, 2017. We request that you have the following documents ready for inspection at that time:

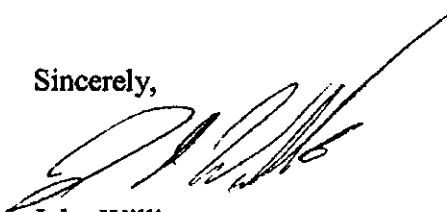
- Documents designating the person(s) responsible for ensuring the Pipeline System is being operated in compliance with the Pipeline Safety Regulations, including identification of the covered tasks the individual is qualified to perform, the date of current qualifications, and qualification methods as required by 49 CFR 192 Part N.
- Documents designating the person(s) responsible for responding to natural gas emergencies, including identification of the covered tasks the individual is qualified to perform, the date of current qualifications, and qualification methods, as required by 49 CFR 192 Part N.
- A current Operator Qualification Program in compliance with 49 CFR 192 Part N which covers the tasks that the Emergency Responder will be performing such as but not limited to:
 - Leak survey
 - Leak grading and classification
 - Prevention of accidental ignition

- Line location
- Operation of critical valves
- Operation Maps indicating the location of all ORNG pipeline facilities
- Most recent leak survey records
- List of service addresses for customers with telephone and email contact information
- Document describing assistance ORNG has provided to assist customers find alternative heating sources

I would note that ORNG is required by 49 CFR 192.807 of Part N to maintain records identifying the qualified individuals for compliance with the Operator Qualification Program, including identification of the covered tasks the individual is qualified to perform, the date of current qualifications, and qualification methods.

If you have any questions concerning the records to be inspected, please contact me at (614) 995-7098 or via e-mail at john.williams@puco.ohio.gov.

Sincerely,



John Williams
Public Utilities Commission of Ohio
Director, Service Monitoring & Enforcement Department
(614) 995-7098