



March 28, 2014

Via E-Mail and Federal Express

Ms. Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Dear Ms. Rolando:

On behalf of Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas" or the "Company"), please find enclosed the Company's 2013 Natural Gas Performance Report in compliance with Section 5-111 of the Public Utilities Act, 220 ILCS 5/5-111, Natural Gas Performance Reporting.

An original and four copies of this submission are enclosed. The original and two copies are enclosed for submission to the Chief Clerk. One additional copy of this submission is enclosed for delivery to Mr. Darin Burk, Manager of the Pipeline Safety Program of the Safety and Reliability Division of the Commission in Springfield. The final copy of this submission is enclosed for your convenience in acknowledging its receipt and should be returned in the enclosed postage-paid envelope.

Please contact me if you have any questions. Thank you for your assistance.

Sincerely,

Anne W. Mitchell

Enclosures

cc: Darin Burk (via e-mail)
Michelle Nelson (via e-mail)
Lewis Binswanger (via e-mail)
Patrick Whiteside (via e-mail)



Nicor Gas™

An AGL Resources Company

2013 Natural Gas Performance Report



IN COMPLIANCE WITH SECTION 5-111 OF THE PUBLIC UTILITIES ACT - NATURAL GAS PERFORMANCE REPORTING

Introduction

Nicor Gas is pleased to present the following report in compliance with Section 5-111 of the Public Utilities Act which includes key performance metrics for 2013, 2014 goals and jobs associated with the metrics. We commend the General Assembly and the Illinois Commerce Commission for recognizing that in order for Nicor Gas to continue to provide safe, reliable and affordable service to our current and future customers, we must revitalize, rebuild and modernize our infrastructure as well as train our workforce on operations procedures and policies designed to effectively maintain our infrastructure.

Company Background

As the largest natural gas distributor in Illinois and one of the largest natural gas distributors in the country, Nicor Gas delivers natural gas safely and reliably to 2.2 million customers in 656 northern Illinois communities.

In order to deliver this service, Nicor Gas operates more than 34,000 miles of distribution system that is connected to seven interstate pipelines and one intrastate pipeline. We also own and operate one of the largest natural gas aquifer storage systems in North America, with eight natural gas storage fields capable of delivering approximately 150 billion cubic feet of natural gas annually.

2013 Performance Results, 2014 Performance Goals & Jobs Attributable

1. **The number of emergency calls with response times exceeding both 30 minutes and 60 minutes and the number of emergency calls in which the utility stopped the flow of natural gas on the system or appropriately vented natural gas in a time exceeding both 60 minutes and 90 minutes.**

Emergency Call – Gas Leak or Odor Response

Nicor Gas responded to 91,503 emergency calls in 2013. This number represents all emergency odor and leak calls, including unusual conditions such as airborne odors and flood conditions. Nicor Gas' 2013 average overall response time was 29.46 minutes and our 60-minute response rate was 96 percent, with only 3,670 calls exceeding 60 minutes. Over the last five years, Nicor Gas has achieved a 60-minute response rate of 96 percent or higher.

Year	Number of emergency calls	Number of calls where response was within 60 mins	Response within 60 minutes	Average response (in mins)
2013	91,503	87,833	96.0%	29.46
2012	88,284	84,881	96.2%	29.16
2011	88,736	86,007	96.9%	28.10
2010	97,797	94,168	96.3%	29.50
2009	98,706	95,342	96.6%	29.49

Response time is recorded from the time an odor or leak is reported to the time a company first responder arrives on scene.

Nicor Gas' 2014 goal is a 60-minute or less response rate of 95.5 percent and an average overall response time below 30 minutes. There are a number of factors that can adversely affect our response times including rush-hour and train traffic, large geographical territory and airborne odor situations where we require a positive response to each call. Additionally, we cannot respond to emergencies in the same manner as police and fire service personnel.

Emergency Calls – Excavation Damage

In 2013, the time it took Nicor Gas to stop or appropriately vent natural gas as a result of excavation damage was not formally tracked. However, we were able to capture data relevant to this metric by analyzing all emergency orders involving a release of natural gas where the “time off” field was completed. We were able to obtain information for 507 of the 2,102 incidents in 2013 involving a release of natural gas. Based on the 507, there were 117 instances where Nicor Gas stopped the flow of natural gas in a time exceeding 60 minutes and 71 instances that exceeded 90 minutes. We measure our response from the time the emergency order is reported until the natural gas is recorded off.

In 2014, we are creating a means to track the time that the flow of natural gas is stopped or appropriately vented. By the third quarter of 2014, we will have implemented a means to track data for this metric. As it pertains to the performance metric itself, our goal in 2014 is to maintain or improve performance over the previous year.

Improving Performance Results

With safety always being our number one priority, over the last several years we have employed measures to enhance our performance results which include:

- We refined reporting practices by making it a requirement for dispatchers to record *why* a leak exceeded a 60-minute response time. This provides tangible insight, perspective and feedback which enable us to apply corrective measures based on root-cause analysis.
- We have enhanced our staffing forecasting abilities using our leak model and strategic/tactical planning sessions. These measures enable us to staff appropriately in an effective and efficient manner.
- We have trained our distribution resources to be first responders in the rural parts of our territory.
- We have introduced home-based response and implemented a geographic call-out system based on an employee's location, instead of reporting area boundaries. This further enhances our ability to improve response.

The 783 jobs attributed to this performance metric include Nicor Gas employees in Operations, Resource Management and the Contact Center.

2. The number of incidents of damage per thousand gas facility locate requests to the utility’s pipeline facilities resulting from utility error and the number of incidents of damage per thousand gas facility locate requests to the utility’s pipeline facilities resulting from the fault of third parties.

Last year, 726,288 facility locates were completed in Nicor Gas’ service area. The total number of incidents of damage where the utility – Nicor Gas or its locating contractor – was at fault was 366, or 0.50 hits per thousand. The total number of incidents of damage where a third party was at fault was 1,887, or 2.60 hits per thousand.

Nicor Gas’ 2014 target for this performance measure is to maintain a utility at fault rate of 0.50 per thousand, and 2.80 per thousand for third-party incidents. We arrived at this target by reviewing our three-year history of damage from 2011-2013. Our goal is to continue to perform at the high level we have worked to achieve.

Year	Total Number of Locates	Utility Fault Per Thousand	Total Utility Fault Damages	Third-Party Fault Per Thousand	Total Third-Party Fault Damages
2013	726,288	0.50	366	2.60	1,887
2012	678,824	0.53	353	3.02	2,022
2011	639,122	0.54	339	2.90	1,833

Improving Performance Results

Nicor Gas works to drive down the number of damages to its underground facilities utilizing each of the following means:

- Stakeholder Engagement – Hold memberships in professional associations (e.g. JULIE, UCA, CGA).
- Analysis – Review of excavation damages to determine cause and identify associated trends in excavator behavior.
- Education and Visibility – Use of formal and informal methods of sharing trends and performance information with stakeholder groups including locators, excavators, peer operators, One Call Centers and industry organizations.
- Technology – Use of state-of-the-art equipment and piloted use of newly developed technology to more accurately locate and mark facilities.
- Enforcement – Report violators to JULIE enforcement.
- Audit Diversification – Conduct excavator audits. Nicor Gas conducted 168 excavator audits in 2013 in addition to the Locator Audit Program.

Significant outcomes in 2013 as a result of Nicor Gas’ efforts include:

- More excavators provided notice to the One Call Center – there were 56,000 more locate requests, a seven percent increase when compared with 2012.
- Increased Hand Excavation – experienced a five percent reduction in damages resulting from the root cause of “No Hand Dig” from 2012 to 2013.

The 136 jobs attributed to this performance metric include Nicor Gas employees in Asset Protection, Asset Data and Analytics as well as our locating contractors and support staff to supervise and assist these employees.

3. The number of scheduled cathodic protection readings below -0.850 volts.

In 2013, Nicor Gas conducted 64,724 cathodic protection readings. Of the total read, 2,126 indicated initial readings below -0.850 volts. Verification and troubleshooting reduced this number to 966. Nicor Gas performs annual corrosion reads and down controls are remediated before the next read cycle. In 2013, we remediated 1,160 reads that were below -0.850, including some that were identified in 2012.

Year	Total Keypoints	Down Keypoints Initial Read	Down Keypoints Last Read	Number of Corrected Controls
2013	64,724	2,126	966	1,160
2012	64,193	3,175	1,784	1,391
2011	63,796	1,612	509	1,103

Our goal is to provide appropriate levels of cathodic protection to our metallic pipes and when down controls are identified we remediate them to restore appropriate levels of protection. In 2014, based on a three-year average of down reads, we anticipate about 1,000 cathodic protection readings below -0.850 volts.

The 21 jobs attributed to this performance metric include Nicor Gas employees in Corrosion Control, System Integrity and Meter Reading (only the portion of time meter readers spend on this particular activity).

4. The number of service lines that were inactive for over 3 years and not disconnected from a source of supply.

In 2013, Nicor Gas had 975 inactive services greater than three years where there was no customer of record, the meter had been removed and the service was not disconnected at the main. This represents less than .048 percent of Nicor Gas' total number of services (about 2.03 million). While we have always worked to manage aging inactive services, several years ago we implemented a formal program to aggressively reduce inactive services on our system.

Nicor Gas' Inactive Service Program was developed by first studying and learning the reasons for inactive services. Once we understood the drivers, we automated our workflow to promote greater efficiency in addressing them. The Inactive Service Program includes both usage and time elements and focuses on accounts where there is no customer of record.

Nicor Gas' 2014 goal is to reduce the number of inactive services to 500 and the ultimate goal is of have no inactive accounts reach three years.

The 34 jobs attributed to this performance metric include Nicor Gas employees in Field Operations (only the portion of time field operations employees spend on this particular activity) and support staff to supervise and assist these employees.

5. The number of difficult to locate services replaced.

Nicor Gas did not have a formal tracking mechanism in place in 2013 to identify the replacement of a natural gas service for the reason of “difficult to locate.” However, after analyzing last year’s locating data, six services were identified as having been replaced due to being difficult to locate.

In 2014, we expect that fewer than 10 services will require replacement due to difficulty in locating. Additionally, we will have a tracking mechanism in place to identify services replaced for the reason of being “difficult to locate.”

The 33 jobs attributed to this performance metric include Nicor Gas employees in Asset Protection, Asset Data and Analytics and Distribution (only the portion of time distribution crews spend on this particular activity).

6. The number of remotely-readable cathodic protection devices.

In 2013, Nicor Gas had 138 remotely-readable cathodic protection devices on our system. Of these, 130 are rectifiers and eight are bonds. Rectifiers and bonds are read each month. Remotely-read devices are installed to increase operating efficiencies by reducing travel times to obtain reads.

In 2014, our goal is to continue to maintain and read our existing 138 remote devices. We will continue to evaluate situations where it makes sense to install remotely-readable cathodic protection devices.

The job attributed to this performance metric includes a Nicor Gas Corrosion clerk who checks and records data from the remote devices and a contractor who maintains the remote devices (only the portion of time they spend on this particular activity).

7. The miles of main and numbers of services replaced that were constructed of cast iron, wrought iron, ductile iron, unprotected coated steel, unprotected bare steel, mechanically coupled steel, copper, Cellulose Acetate Butyrate (CAB) plastic, pre-1973 DuPont Aldyl “A” polyethylene, PVC, or other types of materials identified by a State or federal governmental agency as being prone to leakage.

In 2013, Nicor Gas replaced 41 miles of main and 11,814 services that were constructed of materials identified by a state or federal governmental agency as being prone to leakage. In accordance with regulations of the Pipeline and Hazardous Materials Safety Administration, Nicor Gas developed and implemented a Distribution Integrity Management Program addressing, among other things, identifying threats, evaluating and ranking risks, and identifying and implementing measures to address risks. We prioritize the removal of mains and services constructed of materials that are prone to leakage according to this program.

In 2014, Nicor Gas plans to replace 45 miles of main and 14,940 services constructed of these materials.

The 128 jobs attributed to this performance metric include Nicor Gas employees in Field Operations, contractors and support staff to supervise and assist these employees.

8. The number of miles of transmission facilities on which maximum allowable operating pressures have been established.

At the time of design and installation, Nicor Gas established maximum allowable operating pressures (MAOP) on all of its transmission facilities. As of 2013, 795.05 miles of Nicor Gas' 1,163.61 miles of transmission facilities have been validated via records review. This includes records for Class 1 and 2 locations not in a high consequence area (HCA). Records for Class 1 and 2 locations not in a HCA are not required in Part Q of Form PHMSA F 7100.2-1 Annual Report for Calendar Year 2013 Natural or Other Gas Transmission and Gathering Systems.

Our 2014 goal is to continue to validate MAOP on our transmission facilities and refine existing plans to determine the best method for validating remaining facilities.

The 29 jobs attributed to this performance metric include Nicor Gas employees in Storage and Transmission Integrity, GIS and Asset Data, Engineering Design and Engineering.

9. The number of miles of transmission facilities equipped with remotely controlled shut-off valve capability.

Nicor Gas began the process of installing remotely controlled shut-off valves (RCV) on its transmission system in 2013, positioning the company with the ability to remotely isolate segments of its transmission pipeline.

The process involves several steps beginning with the installation of RCV hardware at each local valve site. This is followed by the installation of check valves and finally the configuration, testing and implementation into the company's SCADA system. In 2013, 27 RCV hardware devices were installed at the local valve sites. Engineering design work continues for planned 2015 installation of required check valves which will protect 39.44 miles of transmission facilities. The locations of these valves were selected giving priority to high consequence areas (HCA) and Class 3 segments of our system.

In 2014, we will continue to evaluate our system and create a long-term plan for installing additional remotely controlled shut-off valves with a continued focus on HCA and Class 3 segments of the system.

The six jobs attributed to this performance metric include Nicor Gas employees in Engineering and Field Support, Transmission, Land Management as well as contractors.

10. The value in dollars of contracts in force with minority-owned, female-owned, and qualified service-disabled veteran-owned businesses.

In 2013, Nicor Gas had nearly \$16 million of contracts in force with minority-owned, female-owned and qualified service-disabled veteran-owned businesses. In 2014, our goal is to have approximately \$24 million in contracts in force with minority-owned, female-owned, and qualified service-disabled veteran-owned businesses.

For more information about Nicor Gas' Supplier Diversity Program, you may view a copy of *Nicor Gas' 2013 Supplier Diversity Report* on the Illinois Commerce Commission's website under the "Annual Utility Report on Work Performed by Minority, Women, Veteran-Owned and Small Business Enterprises."

The 30 jobs attributed to this performance metric include Nicor Gas employees in Supplier Diversity, Strategic Sourcing, Transactional Procurement and Supply Chain. Additionally employee hours from the following areas were captured for the portion of time they spend on this particular activity: Legal, Government Relations, Corporate Communications, Finance, Tax and Risk Management.

Appendix 1: *2013 Nicor Gas Natural Gas Performance Report*

2013 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	Required Under	(A) 2013 Sec. (b)(c)	---	(C) Year-Over- Year Change (A) - (B)	2014 Goal Sec. (d)	Jobs Attributed Sec. (c)
EMERGENCY CALLS - GAS LEAK OR ODOR						
Number of emergency calls with response times exceeding 30 minutes	(b)(1)	35,784			Maintain or improve over previous year	
Number of emergency calls with response times exceeding 60 minutes	(b)(1)	3,670 (4%)			4.5% or lower	
EMERGENCY CALLS - EXCAVATION DAMAGE						
Number of emergency calls in which the utility stopped the flow of natural gas on the system or appropriately vented natural gas:						
in a time exceeding 60 minutes	(b)(1)	117*			Maintain or improve over previous year	
in a time exceeding 90 minutes	(b)(1)	71*			Maintain or improve over previous year	
Total Jobs Attributed to Emergency Calls	Sec. (c)					783

* Based on 507 (24%) of 2,102 incidents involving a release of gas in 2013 where the flow of gas was stopped.

2013 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	Required Under	(A) 2013 Sec. (b)(c)	--- Sec. (c)	(C) Year-Over- Year Change (A) - (B)	2014 Goal Sec. (d)	Jobs Attributed Sec. (c)
--	----------------	----------------------------	-----------------	---	--------------------------	--------------------------------

LOCATING PERFORMANCE

Number of incidents of damage per thousand gas facility locate requests to the utility's pipeline facilities resulting from:						
Utility error	(b)(2)	0.50			0.50	
The fault of third parties;	(b)(2)	2.60			2.80	
Total Jobs Attributed to Locating Performance	Sec. (c)					136

OTHER

Number of scheduled cathodic protection readings below -0.850 volts;	(b)(3)	966			1,000	21
Number of service lines that were inactive for over 3 years and not disconnected from a source of supply;	(b)(4)	975			500	34
Number of difficult to locate services replaced	(b)(5)	6			< 10	33
Number of remotely-readable cathodic protection devices	(b)(6)	138			138	< 1

2013 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



Required Under	(A) 2013 Sec. (b)(c)	---	(C) Year-Over- Year Change (A) - (B)	2014 Goal Sec. (d)	Jobs Attributed Sec. (c)
----------------	----------------------------	-----	---	--------------------------	--------------------------------

MILES OF MAIN REPLACED

Miles of main replaced that were constructed of:

Cast Iron	(b)(7)	25		40	
Wrought Iron	(b)(7)	N/A		N/A	
Ductile Iron	(b)(7)	N/A		N/A	
Unprotected Coated Steel	(b)(7)	N/A		N/A	
Unprotected Bare Steel	(b)(7)	16		5	
Mechanically Coupled Steel	(b)(7)	N/A		N/A	
Copper	(b)(7)	N/A		N/A	
Cellulose Acetate Butyrate (CAB) Plastic	(b)(7)	N/A		N/A	
Pre-1973 DuPont Aldyl "A" Polyethylene	(b)(7)	0		0	
PVC	(b)(7)	N/A		N/A	
Other types of materials identified by a state or federal government agency as being prone to leakage	(b)(7)	0		0	

2013 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	Required Under	(A) 2013 Sec. (b)(c)	---	(C) Year-Over- Year Change (A) - (B)	2014 Goal Sec. (d)	Jobs Attributed Sec. (c)
--	----------------	----------------------------	-----	---	--------------------------	--------------------------------

SERVICES REPLACED

Numbers of services replaced that were constructed of:

Cast Iron	(b)(7)	N/A			N/A	
Wrought Iron	(b)(7)	N/A			N/A	
Ductile Iron	(b)(7)	N/A			N/A	
Unprotected Coated Steel	(b)(7)	N/A			N/A	
Unprotected Bare Steel	(b)(7)	5,696			7,440	
Mechanically Coupled Steel	(b)(7)	N/A			N/A	
Copper	(b)(7)	6,118			7,500	
Cellulose Acetate Butyrate (CAB) Plastic	(b)(7)	N/A			N/A	
Pre-1973 DuPont Aldyl "A" Polyethylene	(b)(7)	N/A			N/A	
PVC	(b)(7)	N/A			N/A	
Other types of materials identified by a state or federal government agency as being prone to leakage	(b)(7)	0			0	
Total Jobs Attributed to Miles of Main and Services Replaced	Sec. (c)					128

TRANSMISSION

Number of miles of transmission facilities on which maximum allowable operating pressures have been established	(b)(8)	795.05			Continue to validate MAOP and refine plans	29
Number of miles of transmission facilities equipped with remotely controlled shut-off valve capability	(b)(9)	0			0	6

2013 Nicor Gas Natural Gas Performance Report

in compliance with Sec. 5-111 of the Public Utilities Act - Natural Gas Performance Reporting



	Required Under	(A) 2013 Sec. (b)(c)	---	(C) Year-Over- Year Change (A) - (B)	2014 Goal Sec. (d)	Jobs Attributed Sec. (c)
--	----------------	----------------------------	-----	---	--------------------------	--------------------------------

DIVERSITY OF CONTRACTING

Value in dollars of contracts in force with:	(b)(10)					
Minority Owned businesses	(b)(10)	\$7,611,270			\$8,800,000	
Female Owned businesses	(b)(10)	\$8,330,588			\$14,300,000	
Qualified Service-Disabled Veteran-Owned businesses	(b)(10)	\$0			\$700,000	
Total Jobs Attributed to Diversity of Contracting	Sec. (c)					30

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE)

VERIFICATION

I, Patrick E. Whiteside, Vice President, Nicor Gas Business Support for Northern Illinois Gas Company d/b/a Nicor Gas Company, being first duly sworn, hereby state that I have read the foregoing natural gas performance report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true, and the said report is a correct statement of the business and affairs of Northern Illinois Gas Company d/b/a Nicor Gas Company in respect to each and every matter set forth therein during the period from and including January 1, 2013, to and including December 31, 2013.



Patrick E. Whiteside

Subscribed and sworn to before me
this 27th day of March, 2014.

Wendy L. Bedal
Notary Public

