PEOPLES ENERGY

April 27, 2006

Mr. Johnny Morcos
Department of Transportation
Division of Engineering
Room 400
30 North LaSalle Street
Chicago, Illinois 60602-2570

Re: North Ave. Bridge
OUC #: 2006-32376

Dear Mr. Morcos:

After the utility meeting held on April 26,2006 the following is a recap of PGL's (The Peoples Gas Light and Coke Company) understanding of the following items discussed at the meeting:

- Project Timeline
- Utility Conflicts
- Additional Concerns
- Action Items

Project Timeline

The timeline below accounts f

Notice to proceed	May 1, 2006 - May 31, 2006
Contractor Start	May 8, 2006 - June 7, 2006
Temporary Bridge Open (**Start of PGL Work**)	July 1, 2006 – July 31, 2006
Finish of PGL Work *:	October 20, 2006 - November 20, 2006

* PGL requires approximately 78 working days to complete construction and latest possible finish work date of October 1, 2006.

The possibility, although remote, for the project start date to be moved back further does exist and if it is moved too far PGL will be unable to perform work until spring of 2007 due to the start of the heating season.

Utility Conflicts

Concern: The installation of 40 micro-piles to support the 4 bridge pylons will provide PGL's North tunnel with a 3-ft horizontal clearance and the South tunnel with a 1.5-ft horizontal clearance. This is even more critical with the north tunnel since it runs on an angle and is not parallel to the bridge. Therefore the horizontal 3-ft horizontal clearance could be reduced

significantly on one or both sides of the tunnel. Typically, PGL requires a minimum of 5-ft horizontal clearance whenever a facility 20-in. or larger is involved in the proposed work zone.

Resolution Possibility #1: CDOT was previously requested to investigate the possibility of widening the micro-pile caps in order to provide a greater clearance between the inner most micro-pile and PGL's gas tunnels.

CDOT Response to Resolution #1: According to Mr. Morcos the micro-pile caps can not be widened without adding excessive stress to the cap itself.

Resolution Possibility #2: CDOT was asked if the micro-piles could be installed on an angle in order to increase the horizontal clearance between the tunnel and the micro-piles.

CDOT Response to Resolution #2: According to Mr. Morcos the micro-piles could not be installed at an angle since it would weaken the bridge support design.

According to Mr. Craig Hetue, from HNTB, the City of Chicago's contractor will take the following precautionary measures:

1. Both tunnels will be surveyed, in the presence of PGL personnel, prior to construction to document their location and condition.
2. The tunnel will be videotaped prior to, during and after construction to look for cracks or damage.
3. Vibration measuring equipment will be supplied and used by the contractor installing the micro piles during the drilling process to ensure acceptable limits are not exceeded.
4. Any cracks will be grouted by the contractor installing the micro piles
5. Drilling will begin with the micro piles located furthest away from the tunnel and proceed inward.
6. A comprehensive procedure detailing the proposed micro pile installation process as well as all of the precautionary measures that will be taken to ensure the integrity of PGL's tunnels will be supplied, by the contractor, to PGL for review as soon as possible.

These items will be added to the City of Chicago's bid package.

Additional Concerns

- CDOT will look into coordinating the following two items with their contractor:
  1. City contractor will assist in expediting PGL's construction by exposing PGL's four shafts and 36-in. pipe as part of the bridge demolition.
  2. City contractor will dispose of the spoils removed by PGL's contractor as part of the reconstruction of the four PGL shafts.

- CDOT/HNTB will look into ensuring that the retaining wall located at the north east corner of the existing bridge is removed as part of the bridge demolition and prior to PGL construction begins.

- The 2-in. medium pressure service to Home Depot needs to be relocated by PGL since it is in conflict with the proposed anchor block. This work can probably be done soon after the temporary bridge is completed.

These two items were not addressed at the meeting but need to be addressed prior to construction.

- Care should be taken during removal of ~100' of curb and a light pole on the southwest side of the bridge due to the proximity of the 2-in. medium pressure plastic gas service that supplies Home Depot. This issue must be addressed at the **pre-construction** meeting.

- Conflict between PGL's medium and high pressure mains and the proposed catch basins and 8-in. drain connections on both the west and east side of the bridge will be resolved by relocating the basins and/or the installation of inlets as well as the relocation of the 8-in. drain connections.

Action Items

In order to have additional items added to the City's specifications the following information needs to be supplied to CDOT by October 28,2005:

- Restrictions on construction work performed around PGL facilities/contractors. These are restrictions the City's contractor needs to adhere to (e.g. staying outside PGL's working perimeter, tunnel vibration limitations during construction, etc).

- Restrictions such as PGL construction timing/deadlines that the City's contractor needs to adhere to (e.g. micro-pile installation during gas main down time).

CDOT will supply PGL with the following items:

- Army Corps of Engineers / Coast Guard contact information in order to investigate PGL permit requirements.

- Copy of the specifications given to the City Contractor's.

If you have any questions or would like to add to any of these items please call me at (312) 240-4795.

Sincerely,

Juan Santiago
Engineer
Gas Supply & Engineering

Copy to:

Mr. Eitel Singleton – City of Chicago Office of Underground Coordination
Mr. Craig Hetue - HNTB

PEOPLES ENERGY

April 28, 2006

Mr. Johnny Morcos
Department of Transportation
Division of Engineering
Room 400
30 North LaSalle Street
Chicago, Illinois 60602-2570

Re: North Ave. Bridge
OUC #: 2006-32376

Dear Mr. Morcos:

The following is a recap of PGL's (The Peoples Gas Light and Coke Company) understanding of the project status and issues regarding the reconstruction of the North Avenue Bridge following the utility meeting held on April 26, 2006.

McHugh Construction is waiting for the Notice to Proceed from the State of Illinois. Assuming that they receive the notice by May 8, 2006 the following would be your tentative schedule for the project.

Contractor Start Date	May 15, 2006
Temporary Bridge Open	July 8, 2006
Start of PGL Work	July 10, 2006
Demolition of existing bridge completed:	September 20, 2006

PGL project scope consists of:

1. Relocating the 2" medium pressure service to Home Depot
2. Reconstruction of four tunnel shafts
3. Relocating a 36" High Pressure main (east & west of the tunnel shafts ~90' on each side of both shafts)
4. Relocating a 36" Medium Pressure main (east & west of the tunnel shafts ~90' on each side of both shafts)
5. Connecting the four new main segments to the existing pipes in the tunnel shafts

This work has been estimated to take approximately **78 working days**, which means that PGL would be completing work at the end of October 2006. This schedule is not acceptable since the mains can not be out of service during the City of Chicago's heating season (October 1, 2006).

Utility Conflicts

- ComEd is to abandon and remove conduit from manhole at Magnolia to Sta. 97+70. Their existing facilities are in the proposed line of lay for PGL's 36" steel medium pressure main. ComEd is proposing to remove their facilities in August of 2006. Coordination between PGL and ComEd is required to avoid scheduling delays.
- Department of Water Management plans to relocate an existing fire hydrant west to the area of PGL's proposed medium pressure tie in. This is a conflict with PGL and needs to be resolved and coordinated with the Department of Water Management.

Thank you for continuing our dialogue in the project planning period. If there are any questions please contact me at (312) 240-4758.

Sincerely,

Kenneth Galo
Associate Engineer
Engineering Services

PEOPLES ENERGY

May 15, 2006

Mr. Bob Loomis, P.E.
Deputy Commissioner
Department of Transportation
Division of Engineering
30 North LaSalle Street
Chicago, Illinois 60602-2570

Re: North Ave. Bridge
OUC #: 2006-32376

Dear Mr. Loomis:

The following is The Peoples Gas Light and Coke Company's (PGL) response to your May 10, 2006 letter regarding the North Avenue Bridge Project. PGL would like to clarify the issues that were addressed in your letter, at the May 1, 2006 pre-construction meeting, and since the inception of this project. As requested PGL is providing an estimated work schedule that will further explain the scope of the work and estimated timeframe for the project.

Since the inception of this project PGL has been consistent in our communications with CDOT that we would require a total of 78 working days to complete the following work:

1. Relocate the 2" medium pressure service to Home Depot
2. Reconstruct four tunnel shafts
3. Relocate a 36" High Pressure main
4. Relocate a 36" Medium Pressure main
5. Connect the four new main segments to the existing pipes in the tunnel shafts

PGL communicated to Mr. Johnny Morcos, Mr. John Yohan, and Mr. Carlos del Va Cura (McHugh Construction) through various letters, phone conversations, and e-mails our timeframe and the importance of having both the high pressure and medium pressure mains in service by October 1 to meet our winter heating season demand.

Both the high pressure and medium pressure mains are critical to our system and cannot be out of service at the same time. Based on our system design having both mains out of service can result in service disruption to over 50,000 customers. The affected area would be the northeast area of the City including the Loop (Roosevelt to Montrose and Ashland east to the Lake).

PGL's original estimate of 78 working days was based on the following assumptions:

- Taking one main out of service at a time
- 8 hour days, 5 work days a week.
- Sole access to both sides of the river to shutdown gas service prior to working on a particular gas main and to restore gas service upon completion of work. Two non-consecutive weeks per main.
- Access to one side of the river (per corner) while performing main work.
- Assistance of City contractor with excavation and removal of spoils

As requested at the May 1, 2006 pre-construction meeting PGL has re-evaluated the project based off the assumptions stated above but with the following modifications:

- 10-12 hour days, 6 work days a week.
- No assistance from City contractor

PGL's original estimate has extended in length (136 days) and tripled in costs as a result of revisions in project scope from what was originally discussed prior to City awarding the contract. Specifically, the late construction start (Early August) and the loss of coordination between the City's contractor and PGL in regards to excavation and removal of spoils.

The following is PGL's most feasible work and estimated timeframe if PGL is given access to both sides of the river while performing work on the main. The assumptions are:

- Taking one main out of service at a time
- 10-12 hour days, 6 work days a week.
- Sole access to both sides of the river to perform work
- No project scheduling delays from the City, General Contractor, or Inclement Weather.
- Steel sheet pilling will remain in place (estimated without soil boring data)

Work Description	Estimated Quantity	Estimated Work Days
Preconstruction Meeting	1 - Each	1
Mobilization	1 - Each	1
Blow Off Cut-Out openings	4 - Each	12
Cut-Out, Retire Piping	2 - Each	2
Sheet Piling contractor to install sheeting on South Side of the bridge	2 - Each=6500 – SF	12
Install Sheet pilling (Estimated without soil boring information)	2 - Each=6500 – SF	6
Excavate, Remove 36" Main	120- LF	10
Remove 9' Diameter Shaft	2-Each – 50'	7
Install new 36" Main	120 - LF	7
Air Test Main	120 - LF	2
Tie-Ins	2 - Each	2
Backfill, Excavate & Opening (Steel Sheeting stays in place)	120 - LF	4
Concrete Shafts	2 – Each = 22'	10
Demobilize crew	1 - Each	1
	TOTAL WORKDAYS	**77**

Given the time required to complete our work we must begin no later than August 1, 2006. Even this date is later than we would prefer and puts us at risk of not having adequate supply for a cold October. Upon the completion of your review of PGL's schedule please contact me at (312) 240-4758 to set up a meeting to further discuss the project and continue working together to achieve the completion of the reconstructed North Avenue Bridge.

Sincerely,

Kenneth Galo
Associate Engineer
Engineering Services

PEOPLES ENERGY

		Date	June 26, 2006
Subject	North Avenue Bridge Reconstruction Project	From	K. Galo
To	J. Robinson	Copy To	B. Haas B. Mirabal

Project Understanding

The North Avenue Bridge Reconstruction Project involves the relocation of two existing PGL facilities. Due to CDOT's later than anticipated start date PGL will not be able to complete work on both mains by October 1, 2006 to meet our winter heating season demand. Recently CDOT requested for PGL to find out the feasibility of completing both mains this year if PGL were to work 24 hours a day, 7 days a week. The following is to inform you of our findings, major features of the project, and how the project costs have substantially increased.
Since the inception of this project PGL has been consistent in our communication with CDOT. See the attached communication timeline for more details.

Project Timing

PGL's project scope consists of the following

Job Description	Duration 10-12hr work days, 6 days a week	Duration (2) 12hr shifts, 7 days a week
• Relocating a 36" steel high pressure main • Reconstruction of two tunnel shafts (South side of W. North Av.)	81	58
• Relocating a 36" steel medium pressure main • Reconstruction of two tunnel shafts (North side of W. North Av.)	72	52

- PGL cannot perform work until temporary bridge is open (est. August 19, 2006)
- Penalties exist for milestones not met by McHugh Construction, per agreement with CDOT.
- Based on our system design both mains out of service can result in service disruption to over 50, 000 customers
- PGL plans to complete work on high pressure main this year and medium pressure main next year

Project Costs

The following table lists the contractor and total cost estimates for the project:

Date of Estimate	Working Hours	Contractor Estimate	Total Cost Estimate
9/15/2005	8hrs a day, 5days a week	$681,316	$1,917,170
6/22/2006	10-12hrs a day, 6 days a week	$2,780,241	$3,963,160
6/23/2006	(2) 12hr shifts, 7 days a week	$3,772,192	$5,063,160

Reasons for difference in cost estimates from 2005 and 2006:

- Change in excavation depth/sheet piling installation
- Change in working hours
- Possibility of having McHugh Construction expose shafts for PGL and remove spoils to expedite construction process.

I will continue sending updates as we move toward critical deadlines for this project.

Kenneth Galo
Engineering Services
312-240-4758

PEOPLES ENERGY

August 10, 2006

Mr. Johnny Morcos
Civil Engineer IV
Department of Transportation
Division of Engineering
Room 400
30 North LaSalle Street
Chicago, Illinois 60602-2570

Re: Proposed Moratorium Streets for the North Ave. Bridge Project

Dear Mr. Morcos:

At the July 27, 2006 meeting between the Chicago Department of Transportation (CDOT) and the Peoples Gas Light and Coke Company (PGL) the following topics were discussed in regards to the North Avenue Bridge Reconstruction Project:

- CDOT's current status/timeframe for completing the temporary bridge.
- PGL facilities that are in conflict and the criticalness of both the north side and south side gas mains to PGL's system.
- Estimated timeframe if PGL were to complete work on the south side gas main this year.
- PGL's concern of third party hits if north side gas main is shutdown during PGL's winter heating season.
- Scheduling of the north side gas main is dependent on the amount of excavation McHugh Construction will do prior to the start of PGL work on the north side gas main.

At the meeting the third party hit concern was resolved by CDOT offering to issue a moratorium while PGL completes their work. The following exhibit demonstrates the path of the critical gas mains in PGL's system that helps feed the downtown area. The mains were selected based on the following assumptions:

- Work on the south side gas main is complete.
- South side gas main has been re-gassed.
- North side gas main is shutdown.

The Table that follows lists the In, From, and To streets for the mains shown.

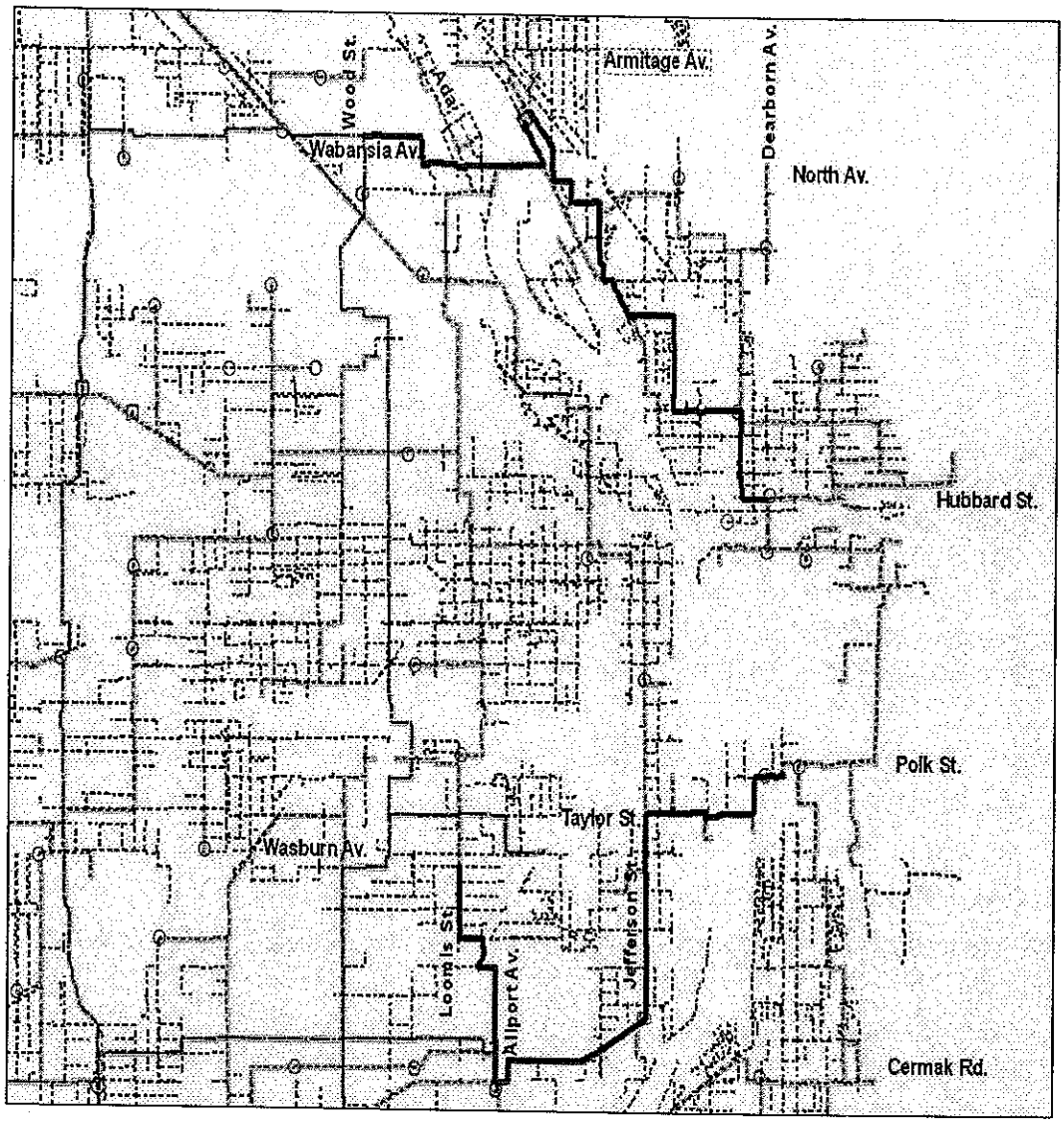


Exhibit I: High pressure and medium pressure gas mains located in the area bounded by Cermak Rd. north to North Av. and from Lake Michigan west to Loomis St. Critical medium pressure mains feeding the loop are outlined in red.

- I confirmed that the duration of this project and the completion date had been provided on letters to Mr. Morcos (CDOT) dated October 21, 2005 and October 27, 2005.
- When the project was proposed to go in the Spring of 2005 a letter dated April 26, 2005 was sent out to Mr. Carlos del Val Cura of McHugh Construction Co (cc: Mr. John Yonan-CDOT)

PEOPLES ENERGY

September 25, 2006

Mr. Mike Rashed
Chicago Department of Transportation
Bureau of Electricity
2451 S. Ashland Av
Chicago, IL 60608

RE: Removal of light pole arm for CDOT's North Av. Bridge Project.

Dear Mr. Rashed

This letter is to notify you that Peoples Energy is requesting the removal of a light pole arm that is in the construction zone with the equipment needed for Peoples Energy's work (OUC # 2006-33460). The existing light pole is located on the south side of W. North Av. just west of N. Cherry Av (see attached sketch). Peoples Energy is requesting the arm be removed the week of September 25, 2006. Peoples Energy anticipates a two week work duration, but all coordination will be done through our field inspector, Mr. Hernando Angarita, and he can be reached at (773)457-3568.

If there are any questions regarding the above project, please contact me at (312) 240-4758.

Sincerely,

Kenneth Galo
Engineering Department
Engineering Services

The Peoples Gas Light
and Coke Company
130 E. Randolph Drive
Chicago, Illinois 60601
312 240-4000

A Subsidiary of
Peoples Energy Corporation

CHICAGO DEPARTMENT OF TRANSPORTATION
121 N. LASALLE STREET - ROOM 905
CHICAGO, IL 60602
PHONE: (312) 744-4828 FAX: (312) 744-0083

Transmittal & Review Form

* designates required fields.

OUC File #: 2006-32376
Date: 3/8/2006

Author: Office of Underground Coordination

Project No.: E-5-422

Submitting Agency: CDOT-Division of Engineering

Project Description: Bridge Reconstruction over the North Branch of the Chicago River

Project Location: W. North Av. - N. Cherry St. to N. Magnolia Av.

Phone: (312) 744-2012

Project Coordinator: Johnny E. Morcos

Purpose of Review

○ Vacation/Dedication/Subdivision ○ Information Retrieval ◉ Existing Facility Protection

Construction Date:

Response Required Date: 4/7/2006

OUC Project Manager Comments

Comments:

Date:

Project Manager:

Office of Underground Coordination Member Response

(Hide Comments)

Responded By	Date	Permit Issuance Authorized	No Affect	Affects Existing Faciltiies	Affects Existing Service Line	Interferes Longitudinally	Proj. Coord. Notified	Conflict Resolved by Proj. Coord.	Requires OUC Submittal
James Martin 01-Looking Glass Network 630-242-2174	03/08/2006	✔	✔						
William Collins 01-Chicago Park District 312-742-4666	03/08/2006	✔	✔						
George Leksas 01-ComEd Transmission 630-437-2851	03/08/2006	✔	✔						
Jim Todd 01-MCI 708-458-6410	03/08/2006	✔	✔						
Roy Franceschina 01-Comcast 773-394-8621	03/09/2006	✔							
GARY MARION SBC 312-977-7555	03/09/2006	✔	✔						
Rich Miczek 01-JC Decaux 312-456-2999	03/10/2006	✔	✔						
Don Mersch 01-AT&T Local Network Services 630-810-6915	03/10/2006	✔	✔						
Ibrahim Hadzic 01-CDOT Project Development 312-744-3039	03/10/2006	✔		✔					
Christopher Hein Bureau of Electricity 312-746-8160	03/13/2006	⊘		✔					
Comments:	must contact e.w.c. for lighting at(312)747-3976								
Frank Duffy 01-MDE/Thermal Chicago Corporation 312-447-1600	03/14/2006	✔	✔						
N. Surti Chicago Water Partners 312-742-5919	03/14/2006	✔		✔				✔	
Comments:	B.E.S.# 00-11:39 Relocate of one fire hydrant on westside of bridge.								
Thomas Ashe 01-CDOT Infrastructure Management 312-742-2971	03/15/2006	✔	✔						
Rob Sproule 01-Bureau of Forestry (312) 747-2098	03/16/2006	✔	✔						
John Dykstra 01-Level 3 Communications 312-895-2909	03/16/2006	✔	✔						
Dean Pallanti 01-Chicago Transit Authority - Traffic 312-681-4159	03/17/2006	✔		✔					
Comments:	cta has the #72 bus route on North ave.								
Joseph Leung ComEd 773-509-3288	03/20/2006	✔		✔					
Comments:	Remove 2-RIP cables and abandon 4-duct on North Av..								
Reece Conrad 01-RCN 312-955-2252	03/21/2006	✔							
William McIntyre 01-CDOT Engineering 312-744-4189	03/23/2006	✔		✔					
Vic Abad Department of Water Management - Sewers Section (312) 744-7020	03/30/2006	✔		✔			✔		
Comments:	See attached list of CDOWM/Sewers Requirements for "Existing Facilities Protection".								
Elizabeth Kogucki									

01-M.W.R.D. 312-751-3184	04/05/2006	0	⊘			
Ken Galo Peoples Energy 312-240-4758	04/08/2006	✔	✔		✔	✔

Comments:

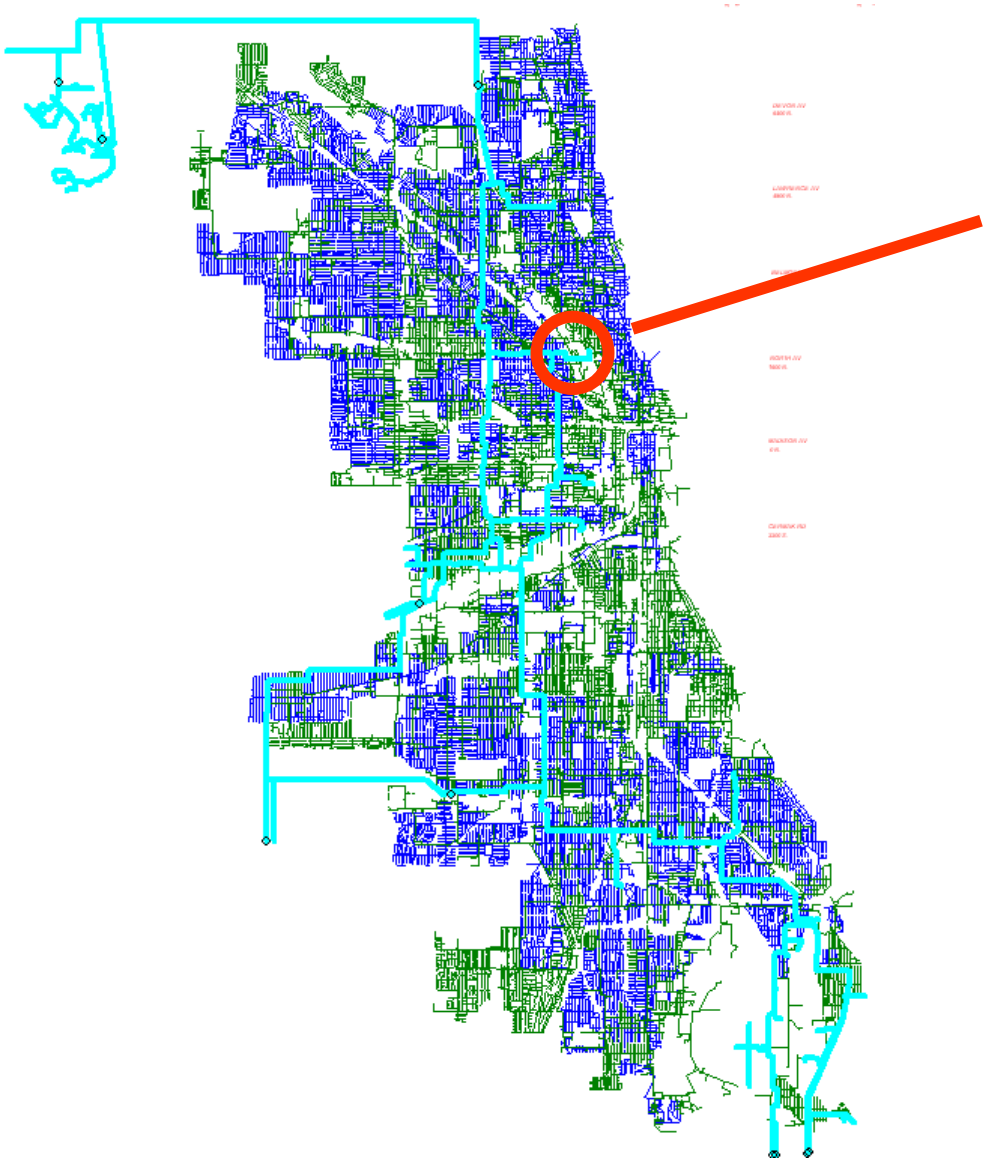
Peoples Energy will need to do work prior to the commencement of the proposed North Av. bridge reconstruction:
- Relocate portion of 36" STHP main in W. North Av. and the tunnel shaft (South end)
- Relocate portion of 36" STMP main in W. North Av. and the tunnel shaft (North End)

NOTE:
- Attached drawing does not show micropiles angled and required clearance with Peoples Energy Gas Tunnels
- Coordinator aware of Peoples Energy timeframe to complete the project
- Letter to Follow.

Caution: Hand dig near all PE Gas facilities.
Contact DIGGER at 312-744-7000 at least 48 hours prior to start of construction.

End of Transmittal & Review Form

PGL EXISTING SYSTEM AT DESIGN DAY (-15°F)



- 36” STEEL HIGH PRESSURE GAS MAIN IN CONFLICT (HP)

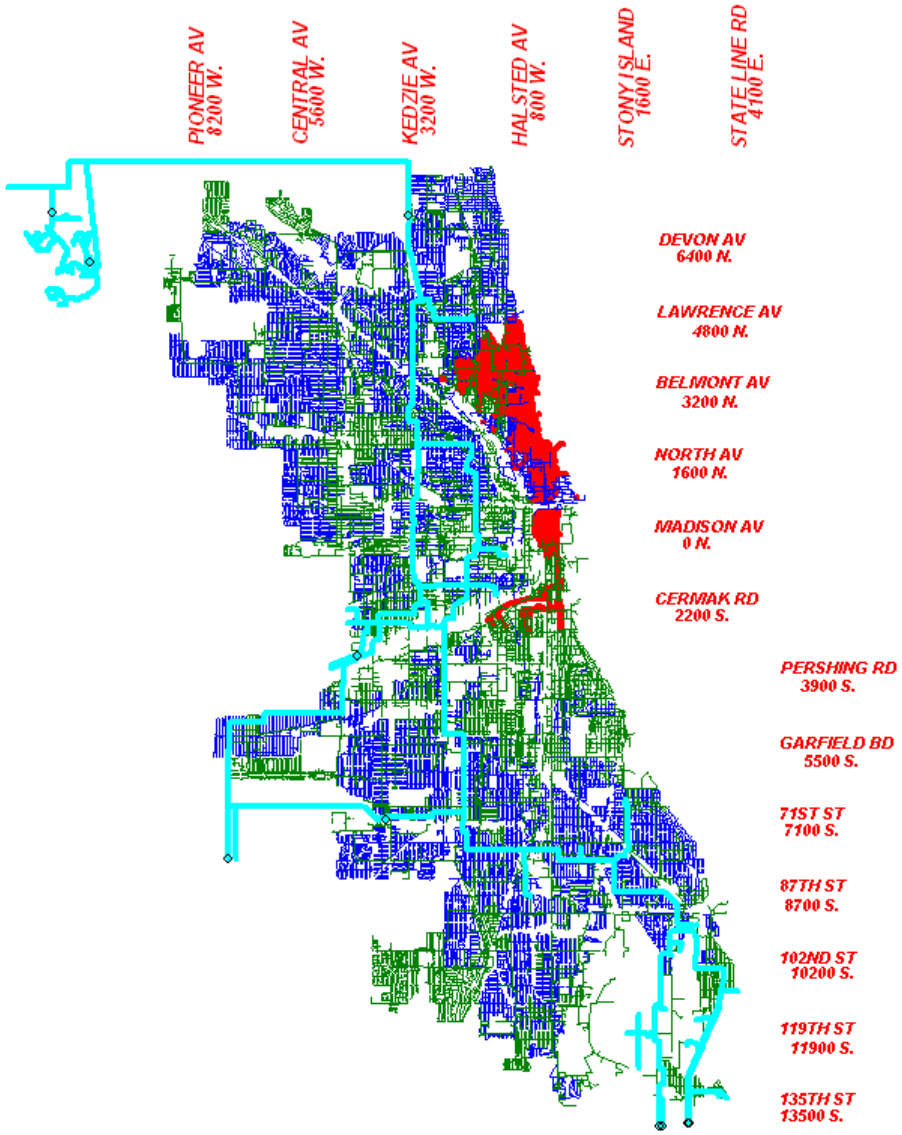
- 36” STEEL MEDIUM PRESSURE GAS MAIN IN CONFLICT (MP)

HIGH PRESSURE

MEDIUM PRESSURE

LOW PRESSURE

BOTH HP AND MP MAIN SHUTDOWN AT DESIGN DAY (-15°F)



- AT 25°F WE BEGIN EXPERIENCING CUSTOMER OUTAGES. AT -15°F APPROXIMATELY 70,000 CUSTOMERS WILL BE IMPACTED.*

  * ASSUMES THAT THERE ARE NO OTHER MAJOR GAS MAIN DISRUPTIONS (PUBLIC IMPROVEMENTS, THIRD PARTY HITS, ETC).

- PGL WILL NOT HAVE BOTH CRITICAL MAINS SHUTDOWN AT THE SAME TIME.

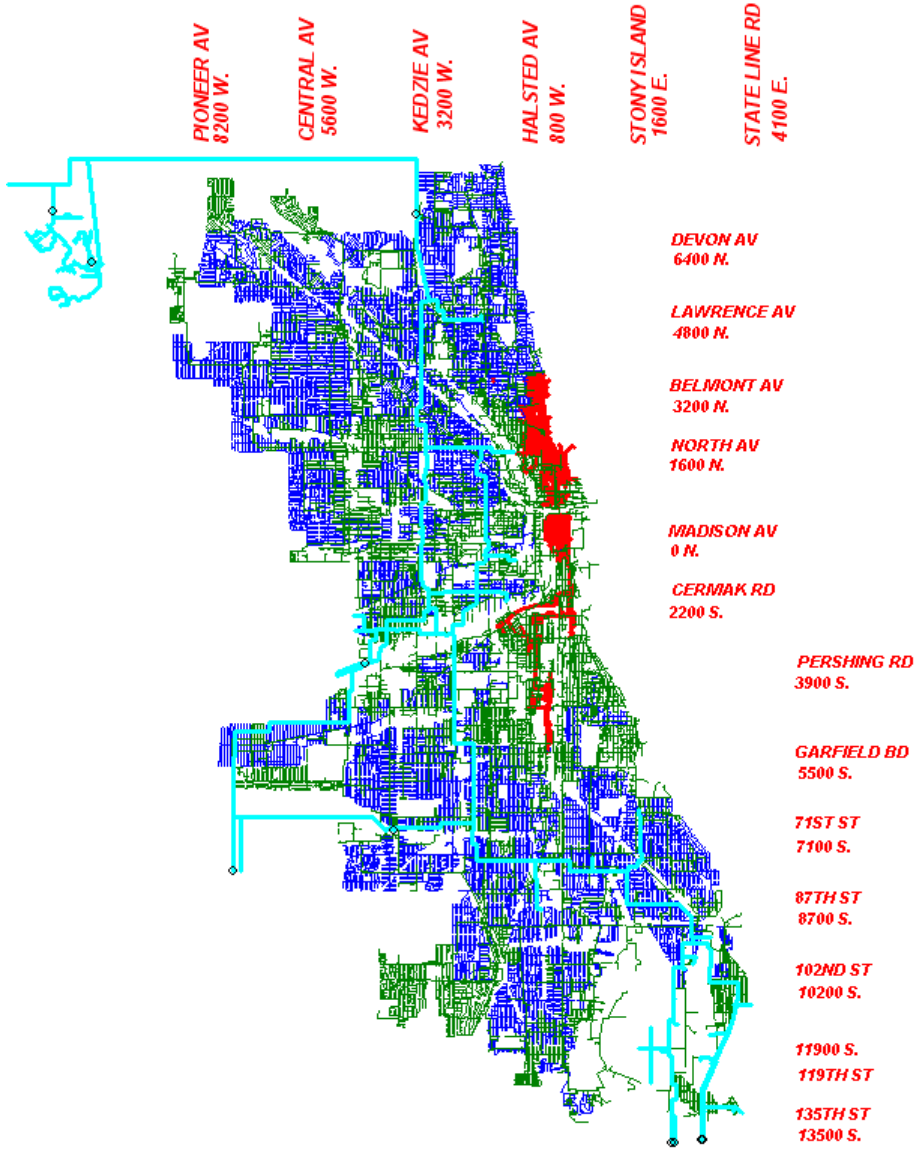
HIGH PRESSURE

MEDIUM PRESSURE

LOW PRESSURE

OUTAGE AREA

HP MAIN SHUTDOWN AT DESIGN DAY (-15°F)



• AT -5°F WE BEGIN EXPERIENCING CUSTOMER OUTAGES. AT -15°F APPROXIMATELY 22,000 CUSTOMERS WILL BE IMPACTED.*

* ASSUMES THAT THERE ARE NO OTHER MAJOR GAS MAIN DISRUPTIONS (PUBLIC IMPROVEMENTS, THIRD PARTY HITS, ETC).

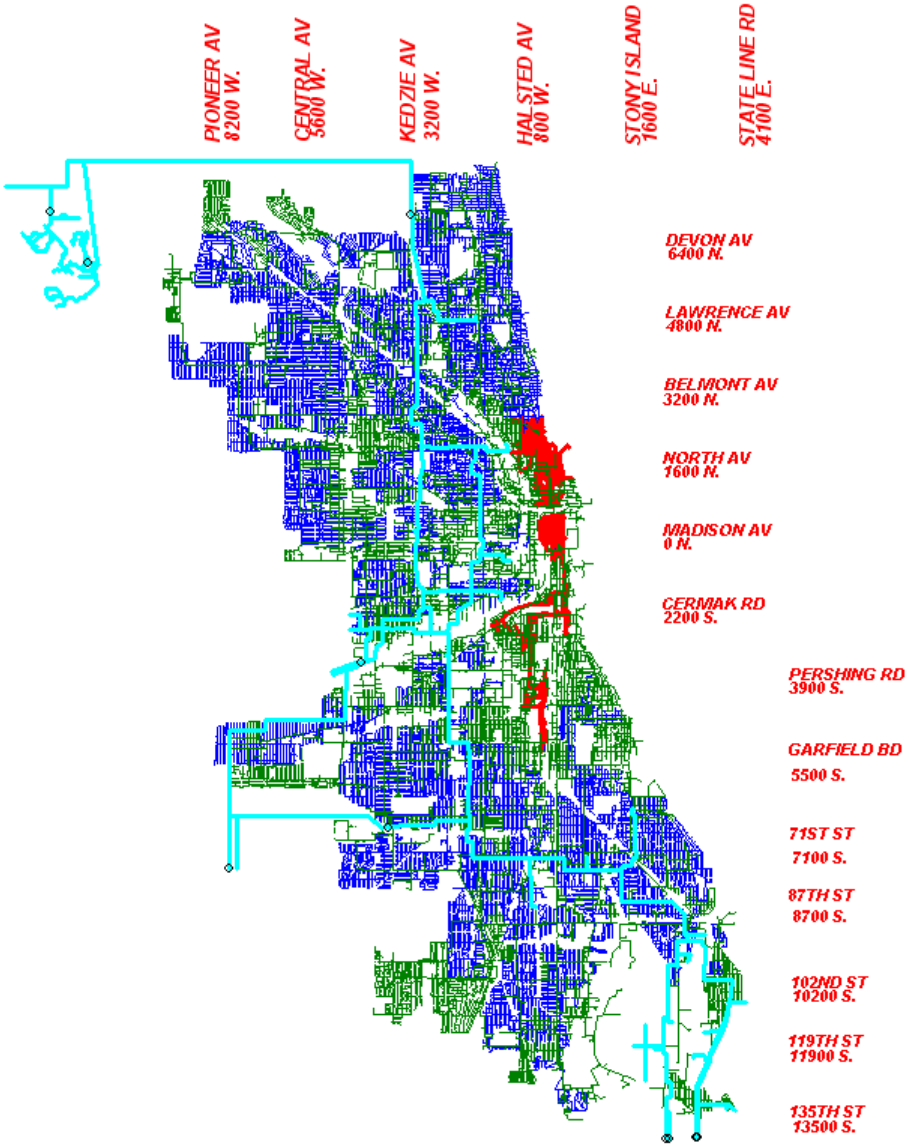
HIGH PRESSURE

MEDIUM PRESSURE

LOW PRESSURE

OUTAGE AREA

FAULT #1 AT DESIGN DAY (-15°F)



SCENARIO #1:

- HP MAIN LIVE
- MP MAIN SHUTDOWN

ANALYSIS:

- FAULT ON 36" CAST IRON MEDIUM PRESURE MAIN AT HAWTHORNE STATION.

RESULTS:

- AT -5°F WE BEGIN EXPERIENCING CUSTOMER OUTAGES. AT -15°F APPROXIMATELY 15,000 CUSTOMERS WILL BE IMPACTED.

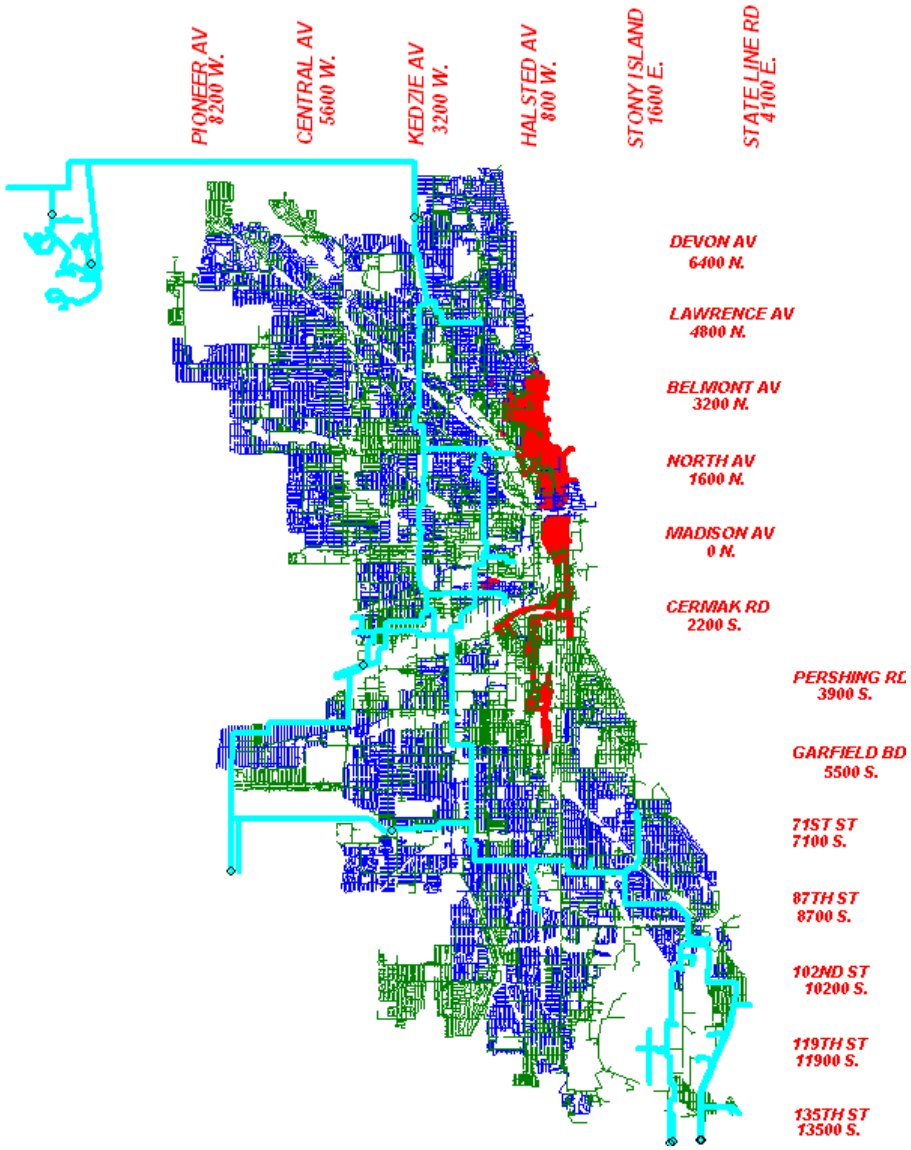
HIGH PRESSURE

MEDIUM PRESSURE

LOW PRESSURE

OUTAGE AREA

FAULT #2 AT DESIGN DAY (-15°F)



SCENARIO #2:

- MP MAIN LIVE
- HP MAIN SHUTDOWN

ANALYSIS:

- FAULT ON 36" CAST IRON MEDIUM PRESURE MAIN AT CERMAK AND ALLPORT.

RESULTS:

- AT 10°F WE BEGIN EXPERIENCING CUSTOMER OUTAGES. AT -15°F APPROXIMATELY 30,000 CUSTOMERS WILL BE IMPACTED.

HIGH PRESSURE

MEDIUM PRESSURE

LOW PRESSURE

OUTAGE AREA

2003-2005 MONTHLY LOW TEMPERATURE DATA

	2003	2004	2005
OCTOBER	31°F	31°F	28°F
NOVEMBER	20°F	21°F	13°F
DECEMBER	10°F	-2°F	-1°F

TABLE 1: TEMPERATURE LOWS RECORDED IN THE LAST THREE YEARS FOR THE MONTHS OF OCTOBER-DECEMBER, AS RECORDED FROM THE U.S. DEPARTMENT OF COMMERCE AIRPORT STATION FOR O'HARE.

PGL WPF-4.4

DOCUMENTS ARE CONFIDENTIAL
AND
PROVIDED UNDER SEPARATE COVER

PGL WPF-4.5

DOCUMENTS ARE CONFIDENTIAL
AND
PROVIDED UNDER SEPARATE COVER

REVIEW OF THE 2002 ZEI REPORT ON CAST AND DUCTILE IRON MAIN REPLACEMENT FOR PEOPLES GAS

December, 2002

REVIEW OF THE 2002 ZEI, INC. REPORT

I. Introduction

In January, 2002, Peoples Gas Light & Coke Company (PGL) awarded a contract to ZEI, Inc. to perform a second supplemental study to their original Engineering Report No. 48, entitled "Cast and Ductile Iron Pipe Replacement Study for Peoples Energy, Chicago, Illinois." The original report was issued in May, 1981. The first supplemental study was performed in 1993 and issued in February, 1994. The 2002 report is intended to integrate current data and update the considerations and findings of ZEI's 1981 Report and ZEI's 1993 Supplemental Report. The 2002 ZEI study incorporated the following activities:

1. Perform an analysis comparing actual annual main replacements and performance with annual replacements recommended and performance predicted in ZEI's 1981 Report and ZEI's 1993 Supplemental Report.

2. Integrate the inventory and maintenance history of all PGL's cast and ductile iron main through December, 2001.

3. Evaluate pipe coupon sample weight-loss measurement data since the 1993 Supplemental report. Compare the new data with the previous report's data.

4. Identify and integrate economic and operational factors that have changed or that represent new and important considerations affecting the repair/replace decisions.

5. Perform statistical analysis of past performance of main and extend the analyses to incorporate newly developed data and additional or revised decision parameters.

6. Prepare and publish a supplemental report containing a discussion of ZEI's methodology, data used, findings and replacement/installation guidelines, updating ZEI's previous reports.

A review committee was established for the purpose of working with ZEI on the study and to review the replacement strategy for PGL's cast and ductile iron main. Members of the committee are T. C. Ziegenfuss, W. S. Evans, W. E. Gratz, S. Fiorella, J. M. Baumgartner, V. R. Gaeto, and P. Morooka.

II. Review Committee's Analysis of the ZEI's Assessment

A. Status of the Cast/Ductile Iron System on January 1, 2002

As of January 1, 2002, PGL had 2,187 miles of cast and ductile iron main remaining in its distribution system. The size, kind and pressure makeup were as follows (figures are represented in miles of main):

Size	CILP	CIMP	DILP	DIMP	Total
4"	14	0	0	0	14
6"	1,255	57	168	30	1,510
8"	55	4	20	7	86
Lg.Diameter (>8")	258	192	75	52	577

Total	1,582	253	263	89	2,187

B. Main Replacement Activities

ZEI reviewed PGL's retirement activity from 1993 through 2001 and compared it to their previous recommendations. During that period, ZEI found that Peoples retired an average of 45.87 miles of cast and ductile iron main per year, which is slightly above the recommended mileage of 45.76 miles from the 1993 report. Additionally, ZEI notes that in the critical 4" and 6" categories, replacements exceeded the recommendations from the 1993 report.

ZEI notes that Peoples monitors all main segments for high leak repair and break activities using an overall ranking system. This system is viewed to be an effective tool in analyzing the condition of segment and giving priority to their replacement. The review committee concurs that the Main Ranking System continues to provide significant benefit in choosing the segments that are the best candidates for replacement. The main ranking system evaluates all of PGL's main segments on a monthly basis, assigning point values for age, size, maintenance activity, breaks and cracks, etc. A segment's total points is an indicator of its status among the entire population. Since the 1993 report, PGL has replaced all of its segments that had rankings with a score greater than 6.0. Currently PGL targets segments for replacement if they achieve a score greater than 6.0 in the Main Ranking System.

ZEI's findings support Peoples' overall main selection process. In addition to the Main Ranking System identifying the best candidates for replacement, ZEI recognizes that Peoples needs to manage its main replacement program based on a number of parameters. These parameters include public improvement projects, the need to take advantage of system and cost benefits associated with converting the entire system to medium pressure, and the need to continually assess the system in order to avoid creating isolated areas with a large number of customers.

The review committee concurs with ZEI's observation that Peoples' main replacement selection process needs to consider multiple factors in balancing the needs of its constituents and that the process continues to be an effective and efficient means of retiring cast/ductile iron main.

C. Breaks and Cracks Analysis

ZEI reviewed main breaks and cracks data on cast and ductile iron mains. Given the continual aging process of the cast and ductile iron pipe, a consistent rise in both the annual number of breaks and cracks and the break and crack rate per mile of main should be anticipated. An active plan for retirement of the cast and ductile iron population can serve to mitigate the rise in these statistics.

Peoples' data indicates that the number of breaks and cracks was reduced significantly from 1993 to 2001 (see table below). This may be an indication that PGL's selection of main to be retired has effectively reduced the number of cracks and breaks. Additionally, ZEI notes that a sharp reduction in cracks occurred after 1997-98. This time frame correlates with PGL's change from external sealant to anaerobic sealant in 1997-98. The new practice does not require excavation under the main. Thus, the new method eliminates excessive stress on the pipe at the joint caused by excavation underneath it. Consequently, it reduces the potential for cracks. The number of cracks in 1998 was 210, which was reduced to 80 in 2001.

Peoples Cast and Ductile Iron Main Break and Crack Activity (Number of Breaks and Cracks, All Soil Types)										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Breaks	229	348	264	273	262	221	236	196	146	2,175
Cracks	147	166	180	180	232	210	164	116	80	1,475
Total	376	514	444	453	494	431	400	312	226	3,650

In addition to the total number of breaks and cracks, ZEI also examined the break and crack rate per mile of cast and ductile iron main. ZEI found that the break and crack rates on cast and ductile iron mains have been relatively constant over time. ZEI concludes that this indicates that PGL's retirement strategy has maintained good control of breaks and cracks (see table below). The minor variations in the break and crack rates and the ability to make selections for retirements based on the previously stated criteria supports a conclusion that PGL's main retirement selection process has been effective in controlling breaks and cracks.

Peoples Cast and Ductile Iron Main Break and Crack Rates - All Sizes			
Year	**Inventory Miles**	**No. of Breaks & Cracks**	**Break & Crack Rate (No./Mile)**
1993	2,530.85	376	0.15
1994	2,483.64	514	0.21
1995	2,430.40	444	0.18
1996	2,368.13	453	0.19
1997	2,325.51	494	0.21
1998	2,298.97	431	0.19
1999	2,269.58	400	0.18
2000	2,232.71	312	0.14
2001	2,186.87	226	0.10
Mean			0.17

The review committee concurs with ZEI's findings that the number of breaks and cracks has significantly reduced in recent years. The committee notes that the volume of breaks and cracks should naturally be expected to reduce as the entire population of main continues to decline annually. However, this should not necessarily affect the rate of breaks and cracks per mile of main. A rise in the rate per mile of main should be expected due to the continual aging of the population. The committee feels that Peoples

is effectively holding this rate constant by targeting and eliminating segments likely to produce the most breaks and cracks via the main ranking system.

Finally, the review committee also recognizes that the change to anaerobic sealant is a significant process change. However, the committee also notes that several recent winters have been warmer than normal. Given these considerations, in order to validate any conclusion, the data may need to be measured over a longer period, which includes some harsher winters with greater frost depth.

D. Pipe Coupon Analysis

ZEI's analysis of the pipe coupon data provided by PGL was found to have only a slight change in corrosion rate from the last study. Accordingly, ZEI developed new corrosion rates based on the entire database of coupons from the 1993 and 2002 studies. The review committee concurs that this is a logical conclusion and that the larger database of information developed over a longer period of time yields a more accurate representation of the entire environment. Based on this data, ZEI calculated small diameter critical failure ages based on vintage of pipe. Critical failure age is a calculation of the life expectancy of the pipe. The calculation uses frost depths and corrosion rates to establish an expected age range. Increasing the frost depth decreases the life expectancy. ZEI used a 3.0' frost depth to establish the shortest critical failure age and a 1.0' frost depth to establish the longest critical failure age.

Summary of Small Diameter Mean Critical Failure Age and Range

Main Size (Inches)	Mean Critical Failure Age (Years)	Critical Failure Age Range (Years)
4	94	67-121
6 (Pre-1933)	179	160-198
6 (Post-1933)	96	67-124
8 (Pre-1933)	205	194-216
8 (Post-1933)	165	147-183

ZEI notes that the apparent incongruity of the newer pipe having a shorter critical age period is due to the difference in span length between supports. The pre-1933 segments are 12 feet long, whereas the post-1933 segments are generally 16 feet long. The longer spans on the newer pipes have a lower load-carrying capacity than the older pipes under the same corrosion weight-loss conditions. Consequently, these segments have an earlier critical failure age. ZEI's report states that most of the small diameter main will reach its mean critical age by the year 2050. Break and crack activity should be expected to increase thereafter if the main is not replaced.

ZEI concluded in its 1993 report that critical failure ages for large diameter pipe do not need to be monitored. Large diameter cast iron main sizes are considered to have significantly longer life expectancies than small diameter main because of their thicker walls and greater resistance to bending under load. As an example, mean critical age

failures for 12" and 24" large diameter mains are indicated in the table below. It is clear that these calculations extend far beyond any currently contemplated replacement scenario.

Sample Large Diameter Mean Critical Failure Age and Range

	Mean Critical Failure Age (Years)	
Size (Inches)	Pre-1933	Post-1933
12	267	213
24	380	325

ZEI notes that PGL is converting its system to medium pressure. Emphasis should be placed on the replacement of small diameter main. Retirement of the larger diameter main occurs more as a result of lack of need for the main or in response to public improvement projects rather than because it has reached its critical failure point.

Finally, the report states that ductile iron main does not fail by breaking and cracking like cast iron but more often it fails due to pitting of corrosion clusters that cause pinholes in the wall. ZEI did not calculate the critical ages of ductile iron main, noting that PGL monitors these segments in its main ranking system and replaces them when failures warrant it.

The review committee concurs with ZEI's critical age failure calculations and projections. The committee believes that acceptable replacement levels can be achieved before critical age presents significant maintenance issues.

E. Leak Repair Activities

ZEI studied leak repair activities on the cast/ductile iron system. For purposes of this study, leak repair activity was defined as any maintenance activity associated with repairing a leak. Thus, each joint repair is counted as a single leak repair activity. Since PGL typically will repair more than one joint to clear a leak, data represented in the ZEI report does not have a correlation with PGL's leak repair counts for pending leaks or repairs.

The table below gives indication that joint repair activities significantly rose in the period from 1993 through 1997 and then significantly fell from 1997 through 2001. Although not specifically addressed by ZEI, in the opinion of the review committee, there are two significant factors that influence these figures. First, weather affects the number of leaks received from year to year, thus forcing the company to vary its resources from year-to-year on maintenance activities. Second, a change in the leak survey procedure occurred in the 1993 – 2000 period. The change significantly lowered the sensitivity setting from 50 parts per million to 2 parts per million on the flame ionization instruments used to detect gas leaks.

Peoples Cast and Ductile Iron Joint Repair Rates
All Sizes

Year	Inventory (Miles)	No. Of Joint Repairs	Leak Rate Joint Repair
1993	2,530.85	7,439	2.94
1994	2,483.64	7,984	3.21
1995	2,430.40	9,526	3.92
1996	2,368.13	13,243	5.59
1997	2,325.51	17,570	7.56
1998	2,298.97	14,719	6.40
1999	2,269.58	10,943	4.82
2000	2,232.71	6,582	2.95
2001	2,186.87	6,433	2.94
Mean			4.48

ZEI analyzed leak repair activity according to age categories of pipe (vintage). The results are summarized below.

Average Leak Repair Activity Rates by Vintage
(Number of Leak Activities per Mile of Main)

Vintage	All Sizes
Pre-1900	8.9
1900-1910	7.2
1911-1920	8.5
1921-1930	2.7
Pre-1933[1]	6.7
1933-1954	.7
1955 & Later	1.2
All	4.4

1 Pre-1933 summarizes all years prior to 1933

ZEI concludes that the level of main leak repair activities is primarily driven by the pre-1933 cast iron main having bell-and-spigot joints, which display significantly higher leak repair activities than post-1933 main. Post-1933 main is primarily comprised of mechanical couplings with gasket seals, which have a higher integrity than earlier vintages of bell-and-spigot joints.

The review committee concludes from this data that, where practical, it is in the economic best interest of PGL to eliminate the pre-1933 main due to its significantly higher leak repair activity. Pre-1933 main has approximately seven leak repairs for every single leak repair on post-1933 main. Replacing segments of main that are likely to consume significant maintenance dollars allows the organization to avoids that maintenance expense. However, this generalization should not override the use of the main ranking system in evaluating the best candidates for replacement.

III. Economic Evaluation of Three Retirement Plans

ZEI studied three different replacement periods with completion by the years 2040, 2050 and 2060. ZEI determined that all three plans would accomplish replacement of the targeted main safely. Plan C is the longest period and has the lowest total present value while plan A is the shortest period but has the greatest present value. The three ZEI plans are summarized by mileage and cost of cast and ductile iron replacement main as follows:

Plan	Completion Date	Annual Replacement Miles	Net Present Value (1) (2)
A	2040	57.55	$775
B	2050	45.56	$697
C	2060	37.70	$642

Notes: (1) Annual Loaded Main Cost and Net Present Value are in Millions and in 2002 dollars.

(2) The Net Present Value calculation also includes the estimated Impact of maintenance costs.

ZEI recommended Plan B be implemented to complete replacement by the year 2050. This plan, while having a greater net present value than the longer-range plan C, has less uncertainty in terms of future breakage rates, maintenance costs, and projected installation costs. ZEI adds that since the total net present value difference between Plan B and Plan C is small, Plan C could be selected as an acceptable choice. However, ZEI qualifies that its calculations for Plan C have a greater economic and safety uncertainty due to the longer time frame to completely retire the system.

Over the long terms of the ZEI plans, inflation would cause actual dollar expenditures for replacement to be much higher than the constant 2002 dollars shown above. The ZEI plans only reflect costs for installation of mains. Costs of related investment, such as service pipe and meter and regulator installations necessary for conversion, will require a considerable additional investment.

The review committee concurs with the ZEI recommendation to replace all cast and ductile iron main by the year 2050, with one exception. The review committee notes that large diameter main has an expected life that is significantly longer than the smaller diameter main. This longer life far outlasts any of the replacement scenarios.

Additionally, large diameter medium pressure main represents the backbone of PGL's supply to the low-pressure mains. Thus, the large diameter medium pressure main likely will be the last main to be replaced and will not be retired solely because it is no longer needed for supply. Large diameter medium pressure main currently represents approximately 244 miles of PGL's cast and ductile iron inventory. Given its significantly longer life span, the review committee does not see a need to target this main for replacement by 2050.

IV. Reportable Incident Risk Assessment

ZEI performed a risk assessment on Peoples' cast/ductile iron system. In the report ZEI notes that Peoples has not had an incident attributable to a cast/ductile iron main failure that resulted in a fatality. ZEI used data from the Office of Pipeline Safety that indicates approximately 1.3 fatalities occurs in every 100 reportable incidents. Noting that not all reportable incidents are related to cast iron, ZEI assesses the portion of risk attributable to PGL's operation of a cast and ductile iron main system as only 0.16% of the total acceptable risk of operating a gas distribution system.

The review committee concurs with ZEI's calculations and conclusions regarding the risk associated with operating a cast/ductile iron system.

V. Recommended Replacement Strategy

The Review's Committee's recommended criteria for selection of mains for replacement include:

1. Retire cast and ductile iron main based on break and leak repair history and the GMIS main segment ranking system criteria. The main ranking system has proven to be an effective tool in identifying segments, which are the best candidates for replacement. Elimination of the highest ranked segments in recent years has led to a current practice of replacing segments once they reach a score of 6.0 in the main ranking system. Small diameter cast iron main either operating at medium pressure or where in close proximity to existing medium pressure main should get the greatest priority. These segments facilitate reduced size of main and upgrade to medium pressure during replacement.

2. Replace mains, which are in direct conflict with a public improvement project, such as a sewer project. In this scenario relocation of facilities is mandatory.

3. Evaluate public improvement projects such as street resurfacing, street reconstruction, or sewer project, where the Company's facilities are not in direct conflict. Such a review is appropriate for two reasons. First, governmental bodies strongly discourage public utilities from performing maintenance activities requiring digging in streets for several years after streets have been resurfaced. Second, while sewer projects may not necessitate main replacement, local construction practices dictate that service pipes be cut out and replaced during a sewer project, and it is often cost effective to replace the main feeding those service pipes at the time of the sewer project. The criteria utilized to determine main replacement in this situation as follows:

   - Condition of the main (main ranking > 3)
   - Proximity of the main to medium pressure supply
   - For low pressure mains, impact of MP replacement on LP supply continuity
   - Cost of replacement
   - Past maintenance type and frequency

- Diameter
- Joint type
- Pressure
- Age
- Available resources
- Timeline of the public improvement project

4. Take advantage of significant system improvements and cost benefits when replacing cast and ductile iron main through conversion to smaller diameter medium pressure main. The long-term goal of the company is to operate a system comprised entirely of medium pressure. Medium pressure mains significantly improve the gas distribution system performance while at the same time offer economic benefits associated with installing smaller diameter main. In choosing system improvement work the following priority is recommended:

    a. Target larger specific replacement areas. Elimination of entire low-pressure areas including the retirement of district regulator stations allows PGL to gain efficiencies from its work force by working in concentrated areas. The long-term effect of this practice optimizes PGL's work force by eliminating maintenance activities in a particular area and concentrating replacement efforts in a continually declining geographic area.

    b. As a general practice, maximize the replacement of pre-1933 six-inch and smaller main in order to attain the greatest reduction in future maintenance costs. Because of the significant difference in leak repair activities, six-inch cast and ductile iron low-pressure mechanical joint mains installed in 1933 and later years should be monitored and replacement deferred, when feasible. This practice should not override the assessment of the main ranking system.

    c. Continue monitoring maintenance of 8" and larger diameter low pressure cast and ductile iron mains and defer replacement, when feasible, until they can be replaced with smaller diameter medium pressure mains, or retired without replacement.

5. Assess system issues associated with low-pressure main retirement to ensure that areas do not become isolated and supplied by only one feed. Replacement of these areas reduces the risks (large customer outage) associated with loss of supply from that single feed.

6. Continually assess the system to eliminate mains no longer needed for circulation or supply.

VI. Review Committee's Recommendation/Conclusion

Any of the three plans assessed by ZEI will accomplish replacement of the targeted main safely. Therefore, both ZEI and the review committee considered other factors before making a determination as to which replacement plan would be most appropriate. ZEI made comparisons of the net present value of each of the plans. ZEI also considered the uncertainties of being able to control future maintenance and installation costs over longer periods. As a result of its analysis, ZEI recommended that replacement Plan B (year 2050) be adopted. Plan B calls for the replacement of 45.56

miles per year. In recommending Plan B, ZEI also allows that Plan C (year 2060) is an acceptable choice. Plan C calls for replacement of 37.7 miles per year. If Plan C were to be chosen, ZEI indicates that there is greater uncertainty surrounding the financial and risk calculations.

The review committee proposes that a logical conclusion for PGL is to target all small diameter mains (8" and less) for replacement by the year 2050. Currently this represents 1,610 miles of cast and ductile iron main. PGL will need to average the retirement of 33.5 miles of small diameter main per year over the course of 48 years to accomplish this task. As a result of that activity, PGL will replace/retire all of its large diameter low-pressure main since it will no longer be required for supply to the small diameter mains. This represents an additional 333 miles (average 6.9 miles per year) of large diameter main. Total retirements need to average 40.4 miles per year. It should be noted that because the large diameter low pressure main will achieve greater than average retirement levels in the later years, greater than average amounts of small diameter main needs to be retired in the earlier years in order to accomplish the total objective. Additionally, new medium pressure feeder mains will be required to build a new system. These mains will be required far in advance of the retirement of the associated large diameter low pressure main. PGL will need to install more than 40.4 miles of main per year in the earlier years to achieve the targeted retirement mileage.

By the year 2050, PGL's system will only have large diameter cast iron medium pressure main. This main would still have a significant amount of projected life left. To the extent it still exists, PGL could embark on a program to eliminate it, if desired. PGL should endeavor wherever possible to avoid public improvement conflicts and replacement of this main until it is necessary. This practice will preserve more capital funds for replacement of the more critical smaller diameter mains.

In closing, the review committee recommends studies be conducted approximately every ten years in order to continually evaluate and update PGL's comprehensive cast and ductile iron main replacement program. Future studies can incorporate additional maintenance and breakage data, as well as future cost data, technology changes and regulatory requirements.

Engineering Study of the Gas Gathering System at Manlove Storage Field

Request for Information

December 8, 2008

INTRODUCTION TO INTEGRYS ENERGY GROUP, INC.

Integrys Energy Group, headquartered in Chicago, Illinois, is a holding company with regulated and non-regulated energy delivery companies in the United States and Canada. Together, the Integrys family of companies serves more than 2 million customers.

The six regulated utilities consist of:
Peoples Gas Light and Coke Company: a natural gas utility serving more than 840,000 customers in the City of Chicago.
Wisconsin Public Service Corporation: a regulated electric and natural gas utility serving approximately 429,000 electric customers and 312,000 natural gas customers in northeastern Wisconsin and an adjacent portion of Michigan's Upper Peninsula.
Minnesota Energy Resources Corporation: a natural gas utility serving approximately 207,000 customers throughout Minnesota.
Michigan Gas Utilities Corporation: a natural gas utility serving approximately 166,000 customers in Lower Michigan.
North Shore Gas Company: a natural gas utility serving approximately 158,000 customers in the northern suburbs of Chicago.
Upper Peninsula Power Company: an electric utility that serves approximately 52,000 customers in Michigan's Upper Peninsula.

The non-regulated subsidiaries include:

- **Integrys Energy Services, Inc.:** a diversified non-regulated energy supply and services company serving commercial, industrial, and wholesale customers and aggregated groups of residential customers. Its principal market is the northeast quadrant of the United States and adjacent portions of Canada. Its principal operations are in Colorado, Illinois, Maine, Michigan, New York, Ohio, Texas, Virginia, and Wisconsin in the United States and Alberta, Ontario, and Quebec in Canada. Integrys Energy Services also owns and operates non-regulated electric generation facilities.

The companies within these subsidiaries are:

- Combined Locks Energy Center
- Integrys Energy Group
- Integrys Energy Services
- Integrys Business Support, LLC
- Michigan Gas Utilities
- Mid-American Power, LLC
- Minnesota Energy Resources
- North Shore Gas
- Peoples Gas
- Upper Peninsula Power
- Westwood Generation LLC
- Wisconsin Public Service
- Wisconsin River Power Company

Legal & Confidentiality Notice
All proposals will be held in the strictest confidence, as we do not share any information you provide with other respondents. By accepting this, vendors confirm their understanding of and agreement to the confidentiality statement contained in this packet. Vendors should clearly designate material that is considered proprietary information by affixing the legend **"CONFIDENTIAL INFORMATION: Do not disclose"** to the upper right-hand corner of each page of Vendor's proposal which contains such proprietary information.

Vendors agree that they will not duplicate, distribute, or otherwise disseminate or make available this document or the information contained herein without prior written consent from Integrys. The vendor may make this document available to employees who have a need to know of its contents in order to participate in the preparation of the RFI. Vendors shall neither include nor reference this RFI in any forum without the prior written consent of Integrys.

This RFI in no way obligates Integrys to enter into a business arrangement with any potential vendor. Potential vendors also agree that Integrys will not incur any obligation to make any commitment to potential vendors in connection with this RFI. Integrys reserves the absolute right to withdraw this RFI, by written notice, or to reject any or all proposals submitted in response to this RFI. Integrys further reserves the right to accept proposals from one or more prospective vendors. Integrys shall not incur any liability whatsoever by reason of such withdrawal, rejection, or acceptance.

Not an Offer to Contract
This RFI is not an offer to contract. This RFI merely sets forth an invitation to recipients to submit information regarding their capabilities. Issuance of this RFI, preparation and submission of responses and the subsequent receipt and evaluation of responses by Integrys does not commit Integrys to award a contract to any respondent, even if all the requirements stated in the RFI are met. Only the execution of a written contract will obligate Integrys in accordance with the terms and conditions contained in such a contract.

Confidentiality
The purpose of this RFI is to obtain information on your capabilities. The information contained herein is to be considered proprietary and confidential information and may not be communicated in whole or in part to any party except employees of the vendor with a need to know in order to prepare a response to the RFI.

In accepting receipt of this Request for Proposal (RFI), the potential vendor agrees to treat this document as CONFIDENTIAL and PROPRIETARY to Integrys Energy up, Inc., and not to disclose its contents or the potential vendor's response to any third party. The potential vendor also hereby agrees that it will not reveal to any third party the fact of its being invited to submit a response to Integrys or that it submitted such a response with the exception of obtaining manufacturers' pricing. This document and any other information supplied by Integrys shall be returned at Integrys' request. In the event that the respondent desires to work with other vendor(s), Integrys name must be kept anonymous until disclosure is authorized.

Preparation Costs
Integrys will not pay any expenses incurred by the vendor in the preparation of its response to this RFI. All supporting documentation and manuals submitted with this proposal will become the property of Integrys unless otherwise requested by the vendor at the time of submission. Respondent will, at its own expense, procure any and all permits, licenses and insurance required to comply with all statutes, ordinances, rules, regulations and other applicable laws.

Amendments
Integrys may amend this RFI at any time. All amendments will be submitted in writing to all vendors. Vendors will be required to acknowledge receipt of any amendment(s) in writing within one day of receipt.

Vendor Inquiries

All inquiries regarding this Request for Proposal must be directed to:

Rich Clotfelter
Senior Buyer
Integrys Business Support LLC
312 240-4509
312 373-4043 Fax
RClotfelter@integrysgroup.com

This RFI and your response are very important to Integrys. We appreciate your understanding and compliance in directing any and all inquiries to the Integrys representative listed above who will provide a quick and consistent response to all questions.

Withdrawal Notification
Vendors who do not wish to participate in this RFI process are asked to reply by e-mail to Rich Clotfelter.

Information Submission & Due Date
Responses received after the required response date will not be accepted nor considered for participation in the RFI for this service.
Please respond by January 7, 2009

Vendor Notification
All vendors will be notified, via email the results of the selection process.

Commitment to Affirmative Action, Equal Opportunity and Respect
Integrys is an equal employment opportunity employer – it provides opportunities for all individuals without regard to race, color, religion, national origin, sex, age, disability, sexual preference, or other characteristics protected by law. Integrys expects that its vendors will also maintain an equal employment opportunity policy.

News Releases
No vendor will be allowed to issue a news release, including photographs, advertisements, public announcements, or denial or confirmation of the same, on any part of the subject matter of this RFI or any phase of any program contained in this RFI without prior written consent of Integrys.
Please be advised that initiating contact with other Integrys personnel, or an organization with which Integrys is associated, in reference to this RFI, may disqualify your company from further consideration.

RFI Scope of Work

The Peoples Gas Light and Coke Company ("Peoples Gas") is requesting information from your company ("Company") in connection a proposed engineering study of the gas gathering system at our Manlove Storage Field near Fisher, IL.

Manlove Storage Field is an underground natural gas storage facility. At Manlove Field, natural gas is stored in a sandstone aquifer at a depth of about 4000 feet. The facility typically cycles about 36.5 MMDth of natural gas annually utilizing about 150 injection/withdrawal wells. The withdrawal process produces approximately 2 million barrels of brine per year resulting in two-phase flow at times in sections of the piping system. Trapping and disposing of this brine is vital to the operation of the facility. A model of the existing gathering system is available in Schlumberger's PIPESIM simulation software. Details of the system are as follows:

Manlove Field Gas Gathering System	
Design Pressure :	2000 psig
Total Length :	70 Miles
Max. Operating Pressure :	23 miles at 1750 psig; 47 miles at 900 psig
Class Location :	67 miles at Class 1; 3 miles at Class 2
Pipe Size :	4-inch thru 24-inch; predominant size is 12-inch
Installed Year :	1966 thru 2005

There are several reasons for considering undertaking an engineering study of the gathering system. Peoples Gas has observed CO_2-related and microbial influenced corrosion in the gathering system. Only a small portion of the gathering system is currently designed to be pigged either to effectuate water removal or for in-line inspection purposes. Facilities are in place to trap produced water, however, these facilities may benefit from a redesign. Modern documentation is not available for some older sections. It is expected that the study would include, at a minimum, the following:

1) Review of the existing corrosion mitigation and monitoring programs
2) Review of all existing pipe records
3) An assessment of the need to begin a systematic pipe replacement program and a discussion of alternatives considered
4) If a pipe replacement program is recommended, it should incorporate:
    a. Provisions for pigging
    b. Optimized piping layout
    c. A system for prioritizing segments for replacement
    d. A schedule and budget for completion

At this time, Peoples Gas is requesting a cost estimate for the proposed project and an outline of a project schedule including major milestones. Responses to this Request for Information should include a Statement of Qualifications including evidence of related work performed. Peoples Gas will use the information to prepare a cost benefit analysis and business case for the project. It is intended that a Request for Proposal will then be issued.

Information provided by Peoples Gas pursuant to this letter shall be "Confidential Information." Company shall treat the Confidential Information as confidential and proprietary in the same manner that it protects its own confidential and proprietary information. Company shall use the Confidential Information solely in connection with responding to this letter. Company shall make the Confidential Information available only as needed to persons involved in responding to this letter and limit the number

of copies accordingly; Company shall be responsible for ensuring that these persons treat the information as confidential and proprietary. Company shall not otherwise disclose or make available the Confidential Information, unless required by law. The Confidential Information shall remain Peoples Gas' property.

Peoples Gas makes no representations or warranties, express or implied, as to the quality, accuracy, completeness or reliability of the Confidential Information or any other information provided.

This letter shall not create a joint venture or partnership between the parties, nor shall it require either party to enter into any transaction. No binding contract or obligation will be created between Peoples Gas and Company until such time as we agree upon terms and conditions and enter into definitive agreements.

Peoples Gas may withdraw this request at any time and for any reason.