

DIRECT TESTIMONY OF
DARIN BURK
PIPELINE SAFETY PROGRAM MANAGER
ENERGY DIVISION
ILLINOIS COMMERCE COMMISSION

AGL Resources Inc., Nicor Inc. and Northern Illinois Gas Company
d/b/a Nicor Gas Company
Application for Approval of a Reorganization pursuant to Section 7-204
of the Public Utilities Act

Docket No. 11-0046

April 28, 2011

1 **WITNESS IDENTIFICATION**

2 Q. **What is your name and business address?**

3 A. My name is Darin Burk. My business address is 527 E. Capitol Avenue,
4 Springfield, IL.

5 Q. **By whom are you employed and in what capacity?**

6 A. I am employed by the Illinois Commerce Commission (“Commission” or “ICC”) as
7 Manager of the Pipeline Safety Program of the Energy Division. In my current
8 position, I oversee the day-to-day operations of the Pipeline Safety Program
9 which performs audits and inspections in accordance with the Guidelines for
10 State Programs issued by the United States Department of Transportation
11 (“USDOT”), Pipeline and Hazardous Materials Safety Administration (“PHMSA”).
12 The audits and inspections are conducted to ensure that jurisdictional Illinois
13 natural gas system operators are meeting the minimum federal safety standards
14 as prescribed by 49 CFR Sections 191.23, 192, 193, 199 and by the Illinois Gas
15 Pipeline Safety Act (220 ILCS 20).

16 Q. **Please describe your education and experience.**

17 A. Prior to my employment with the Commission, I was a Technician employed by
18 Utility Safety and Design Inc. (“USDI”) and the Southern Cross Corporation.
19 Both Companies provide field consulting service for the natural gas industry. My
20 duties at USDI included natural gas leak detection, corrosion control monitoring,
21 pipeline installation, polyethylene pipe fusion, welding and fusion joint testing,
22 and line stopping. My duties at Southern Cross were focused on leak detection

23 survey. Since coming to work in the Pipeline Safety Program at the Commission,
24 I have received extensive technical training at the Transportation Safety Institute
25 (“TSI”) in Oklahoma City, Oklahoma, which is where state and federal pipeline
26 safety inspectors receive technical education relating to the application and
27 enforcement of pipeline safety standards. My training at TSI included subjects
28 such as incident investigation, pipeline integrity management, distribution and
29 transmission pipeline operation and maintenance, operator qualification, pipeline
30 corrosion control, welding and joining of pipeline materials and various other
31 technical aspects of natural gas pipeline operations. At the Commission, I held
32 the position of Pipeline Safety Analyst for 17 years and was promoted to Pipeline
33 Safety Program Manager in January of 2007.

34 **PURPOSE OF TESTIMONY**

35 Q. **What is the purpose of your testimony?**

36 A. The purpose of my testimony is to present Staff’s position regarding the direct
37 testimony of Gerald P. O’Connor, Joint Applicants Ex.6.0, Section V, as it relates
38 to the Joint Applicants’ ability to meet the requirements of Section 7-204(b)(5) of
39 the Illinois Public Utilities Act. Section 7-204(b)(5) requires that the utility remain
40 subject to all applicable laws, regulations, rules, decisions and policies governing
41 the regulation of Illinois public utilities. I am specifically reviewing how AGL
42 Resources (“AGL”) and Northern Illinois Gas Company d/b/a Nicor Gas
43 Company (“Nicor”) plan to ensure long term compliance with the federal
44 standards codified under 49 CFR Sections 191, 192, 193, and 199 and adopted
45 by the State of Illinois pursuant to 83 Ill. Adm. Code 590, regarding pipeline

46 safety. I have reviewed Mr. O'Connor's testimony and determined that it does not
47 adequately detail how Nicor and AGL plan to do this. Additionally, responses to
48 data requests have also demonstrated a lack of commitment by Nicor and AGL
49 on how to ensure compliance with pipeline safety laws. I will discuss the
50 methods currently used by Nicor to achieve and maintain compliance with
51 minimum safety standards. I also make recommendations regarding minimum
52 staffing levels to ensure Nicor's code and safety compliance should a merger
53 between AGL and Nicor be approved by the Commission.

54 **Q. Please explain the authority or jurisdiction of the ICC in this matter?**

55 A. Through the enactment of the Natural Gas Pipeline Safety Act ("Act"), also
56 known as Public Law 90-481 (49 U.S.C. Chapter 601), Congress mandated gas
57 pipeline safety regulation by USDOT in 1968. The Act provided for state pipeline
58 safety regulation in states certified by USDOT. In 1969, the Illinois General
59 Assembly enacted the Illinois Gas Pipeline Safety Act ("IGPSA") (220 ILCS 20).
60 Section 3, paragraph (a) of the IGPSA charges the Commission with adopting
61 rules that are at least as inclusive and as stringent as the pipeline safety
62 regulations adopted by the U.S. Secretary of Transportation, and requires the
63 Commission to seek federal certification to regulate pipeline safety within Illinois.
64 Section 9 of the IGPSA required the Commission to prepare and file with the
65 Secretary of Transportation the initial and annual certification and report required
66 by Section 5, paragraph (a) of the Act. The Commission has maintained
67 certification since the 1970s, under rules in place in 83 Ill. Adm. Code 590.

68 To maintain the authority for enforcement of the Minimum Federal Safety
69 Standards granted to the ICC under an agreement pursuant to 49 U.S.C Section
70 60105 with the USDOT Office of Pipeline Safety, the federal standards codified
71 under 49 CFR Sections 191, 192, 193, and 199 have been adopted by the State
72 of Illinois pursuant to 83 Ill. Adm. Code 590.

73 Q. **How does the ICC meet the requirements of the certification agreement?**

74 A. The Pipeline Safety Section, within the Energy Division, under the Public Utilities
75 Bureau, conducts periodic audits and inspections of intrastate natural gas system
76 operators within Illinois. The audits and inspections are conducted to determine
77 if the minimum safety standards adopted by the State of Illinois pursuant to 83 Ill.
78 Adm. Code 590 are being met by the operator. When Pipeline Safety inspection
79 findings establish that an operator is in apparent non-compliance with one or
80 more of the standards, a Notice of Probable Violation (“NOPV”) is issued to the
81 operator. To resolve an NOPV, the operator is required to explain the action the
82 operator will initiate to correct the violation as well as actions the operator intends
83 to take to prevent a recurrence of a similar violation of the specific code section.
84 If the operator does not acknowledge the alleged violation, refuses to take the
85 corrective actions, or the actions taken by the operator are not adequate to
86 correct the NOPV, Staff recommends that citation order proceedings be initiated
87 to resolve the issue and in some cases, civil penalties are assessed.

88 Q. **Do you have concerns relating to safety compliance after the merger?**

89 A. Yes. I am concerned that AGL and Nicor have not come to an agreement as to
90 the means to maintain compliance with the minimum safety standards; nor have

91 they addressed the staffing levels necessary to maintain the compliance beyond
92 a three year period. These concerns are aggravated by the large number of
93 NOPVs served upon AGL Resources subsidiaries from calendar year 2005
94 through 2010.

95 **Q. How do you know that AGL and Nicor have not come to an agreement**
96 **about maintaining compliance with safety standards or addressing staffing**
97 **levels beyond a three year period?**

98 **A.** Several of the questions submitted to the Joint Applicants in Staff data requests
99 DRB 1.01 – 1.20 requested information relating to long-term initiatives to verify
100 and maintain compliance with the minimum safety standards. In many cases, the
101 Joint Applicants' response included:

102 Currently, AGL and Nicor are engaged in an integration
103 planning process with the objective to identify best practices
104 and determine the most efficient and cost effective manner
105 to perform a variety of functions following the completion of
106 the proposed merger. While decisions have not yet been
107 made about how best to integrate each specific aspect of
108 operations, AGL has made the commitment to maintain, for
109 a period of three years following the closing of the merger,
110 the number of full time equivalent employees involved in the
111 operation of Nicor Gas' gas distribution business at a level
112 comparable to the current level and has also agreed to
113 establish its newly expanded distribution operations
114 headquarters in Illinois. Further, no integration decisions
115 concerning any specific aspect of utility operations will be
116 made that would impair the ability of Nicor Gas or any of the
117 existing AGL utilities to fulfill their individual obligations to
118 their customers. (Joint Applicants' Responses to Staff Data

119 Requests DRB 1.02, DRB 1.04, DRB 1.08, DRB 1.09, DRB
120 1.11, DRB 1.13, DRB 1.16, DRB 1.18, DRB 1.20)

121 The response indicates that AGL and Nicor have not come to an agreement as to
122 the means to maintain compliance with the minimum safety standards nor have
123 they addressed the staffing levels necessary to maintain the compliance beyond
124 a three year period.

125 Q. **What raised the concern about the number of NOPVs for AGL Resources'**
126 **affiliates?**

127 A. To gauge AGL's commitment to safety compliance, I requested a listing of code
128 compliance actions issued by the appropriate authority, for all natural gas
129 distribution and transmission subsidiaries of AGL Resources during the time
130 period that they were affiliated with AGL Resources, with reference to Title 49
131 CFR Parts 191, 192, and 199. The request was identified as Staff Data Request
132 DRB 1.14.

133 In response to Staff Data Request DRB 1.14, I received a listing detailing the
134 violations as requested. Based on the information provided, from calendar year
135 2005 through 2010, AGL Resources subsidiaries were issued NOPVs on a
136 minimum of sixty-five (65) occasions. Several of those NOPVs cite multiple
137 code section violations. During the same time period the subsidiaries were
138 issued citations for over three hundred thirty-seven (337) violations of State
139 damage prevention laws.

140 Q. **Does Nicor have a history of compliance issues relating to the**
141 **requirements under Title 49 CFR Parts 191, 192, and 199?**

142 A. For the same time period discussed above, 2005 – 2010, Nicor has been issued
143 three (3) NOPVs. From 1990 – 2004, Nicor was issued thirty-one (31) NOPVs.
144 Included in that thirty-one (31) were twelve (12) NOPVs relating to corrosion
145 control monitoring and remedial actions to correct deficiencies identified through
146 the corrosion control monitoring. Nicor was cited under the Illinois Utility Facilities
147 Damage Prevention Act ten (10) times in that same period.

148 Q. **What, if anything, does the large disparity between the number of NOPVs**
149 **served on the AGL Resources' subsidiaries as compared to the number of**
150 **NOPVs served on Nicor tell you?**

151 A. The customer base of AGL Resources combined subsidiaries is approximately
152 2.5 million. Nicor has approximately 2 million customers. Therefore, ALG
153 Resources is only approximately 25% larger than Nicor but has received nearly
154 22 times the number of violations in the same time period. This would
155 demonstrate to me that the methods employed by Nicor to verify code
156 compliance exceed those of AGL Resources.

157 Q. **When was the most recent NOPV issued to Nicor?**

158 A. In 2006, Nicor received an NOPV for failure to monitor leaks identified on system
159 valves.

160 Q. **Was the NOPV issue resolved?**

161 A. Yes, Nicor identified a gap in the procedure used to enter leaks identified on
162 system valves into the formal leak tracking program. Since the leaks were not

163 properly entered into the tracking program, the program did not issue the
164 monitoring request. The problem was rectified.

165 **Q. You mentioned that prior to 2005, Nicor received twelve (12) NOPVs**
166 **relating to corrosion control monitoring and remedial actions to correct**
167 **deficiencies identified through the monitoring. What has Nicor done to**
168 **address the issues?**

169 **A.** Nicor has developed a group that focuses on corrosion control activities.
170 According to the response to Staff Data Request DRB 1.19, the following
171 positions include responsibilities for implementation and management of the
172 corrosion control activities:

- 173 ○ One (1) General Manager, Field Administrative Support;
- 174 ○ One (1) Senior Manager, Operations Programs;
- 175 ○ One (1) Administrator, Corrosion Programs;
- 176 ○ One (1) Manager, Corrosion Activities;
- 177 ○ One (1) Analyst, Corrosion Programs;
- 178 ○ One (1) Consultant, Corrosion Control;
- 179 ○ Five (5) Supervisor, Corrosion Control;
- 180 ○ Two (2) Corrosion Control Field Technicians;
- 181 ○ Seven (7) Corrosion Control Technicians;
- 182 ○ Two (2) Corrosion Utility Inspectors; and
- 183 ○ One (1) General Office Clerk.

184 The procedures carried out by this group of individuals specifically
185 directed toward maintenance of the corrosion control systems have
186 improved Nicor's compliance record regarding corrosion control
187 monitoring and correction of deficiencies identified through the monitoring.

188 Q. **The list above indicates that Nicor has a total of twenty-three (23)**
189 **individuals with responsibilities for corrosion control. Does this task**
190 **require that number of individuals?**

191 A. Yes. According to USDOT Form 7100.1-1 and 7100.1-2, annual reports
192 for distribution and transmission piping filed by Nicor for calendar year
193 2009, the Nicor distribution and transmission systems contained 25,666
194 miles of steel main and 438,162 steel service lines. Nicor's continued
195 record of compliance with 49 CFR Part 192 requirements relating to
196 corrosion control since 2001 indicates to me that Nicor has identified an
197 appropriate number of individuals assigned to meet the task.

198 Q. **Please describe the current structure used by Nicor to achieve and**
199 **maintain overall code compliance.**

200 A. According to Nicor's response to Staff Data Requests DRB 1.01 and DRB 1.03,
201 the executive responsible for compliance is the Vice President of Supply
202 Operations. Reporting to the Vice President of Supply Operations is the Senior
203 Manager of Technical Compliance. Reporting to the Senior Manager of
204 Technical Compliance are the Manager, Regulatory Compliance and the
205 Manager, Technical learning. The Locating Services Department, Field
206 Operations Support Department, and Transmission Department also conduct
207 compliance monitoring activities.

208 Q. **Please describe the Technical Compliance Department.**

209 The Technical Compliance Department includes:

- 210 ○ One (1) Sr. Manager, Technical Compliance;
- 211 ○ One (1) Manager, Regulatory Compliance;
- 212 ○ Seven (7) Analyst, Quality Assurance;
- 213 ○ One (1) Sr. Engineer, Codes & Standards;
- 214 ○ One (1) Project Manager, Technical Compliance;
- 215 ○ One (1) Manager, Technical Learning;
- 216 ○ One (1) Sr. Instructional Designer;
- 217 ○ Two (2) Instructor, Technical Training;
- 218 ○ Two (2) Sr. Instructor, Technical Training;
- 219 ○ One (1) Specialist III, Training & Development; and
- 220 ○ One (1) Consultant, Quality Assessment / Welding.

221 Q. **What activities are conducted by the Nicor Technical Compliance**
222 **Department?**

223 A. According to the response to Staff Data Request DRB 1.05, the Nicor Technical
224 Compliance Department is responsible for the following activities:

- 225 ○ Performing field quality assessments of company and contractor crews;
- 226 ○ Conducting inspections on fabricated materials and pressure vessels;
- 227 ○ Assisting with records audits;
- 228 ○ Operator Qualification Plan administration;
- 229 ○ Operations & Maintenance Manual administration;
- 230 ○ Codes and standards administration;
- 231 ○ Preparing internal and regulatory reports;
- 232 ○ Providing root cause analysis for gas incidents;
- 233 ○ Performing employee certifications;
- 234 ○ Performing employee welding and fusion re-qualifications;
- 235 ○ Conducting technical training courses;
- 236 ○ Conducting field performance coaching;
- 237 ○ Performing Operator Qualification re-qualifications;

- 238 ○ Developing and updating training materials;
- 239 ○ Development of technical communications;
- 240 ○ Maintaining training logs and rosters;
- 241 ○ Serving as liaison to Illinois Commerce Commission Pipeline Safety staff;
- 242 and
- 243 ○ Performing non-destructive testing and reviewing testing contractor
- 244 reports.

245 The Technical Compliance Department is also responsible for administration of
246 reporting requirements identified under Title 49 CFR Part 191. Those duties
247 include safety related condition reporting, incident reporting, submitting the
248 annual reports required by USDOT, and mechanical coupling failure reporting.

249 The Technical Compliance Department also provides data to USDOT's Plastic
250 Pipe Data Committee, develops Quality and Key Performance Indicator Reports,
251 and provides safety audit summaries to the appropriate stakeholders.

252 **Q. Please describe the Locating Services Department, the Field Operations**
253 **Support Department, and the Transmission Department.**

254 **A.** According to the response to Staff Data Request DRB 1.10, the Nicor Locating
255 Services Department includes eight (8) personnel that support damage
256 prevention activities with responsibilities including, but not limited to, the
257 performance of damage prevention quality assessments. The Nicor
258 Transmission Department includes one (1) employee with responsibilities that
259 include, but are not limited to, performing damage prevention quality
260 assessments.

261 The positions within the Locating Services Department and Transmission
262 Department which are identified as having responsibility including, but not limited
263 to, performing damage prevention quality assessments are: one (1) Sr.
264 Supervisor, Watch & Protect, one (1) Supervisor, Watch & Protect, three (3)
265 Administrators, Damage Prevention, three (3) Sr. Specialists, Damage
266 Prevention and one (1) Supervisor, Transmission.

267 According to the response to Staff Data Request DRB 1.12 the Field Operations
268 Support Department includes one (1) Administrator, Field Operations, with
269 responsibilities that include, but are not limited to, performing leakage survey
270 quality assessments.

271 Q. **Why is the Locating Services Department necessary?**

272 A. 49 CFR Part 191 requires natural gas pipeline operators to report events that
273 meet the definition of an incident. A reportable incident includes an unintentional
274 release of natural gas that results in a personal injury requiring hospitalization, a
275 fatality, property damage in excess of \$50,000 or a release of product in excess
276 of three million cubic feet. PHMSA has identified third party damage as the
277 highest threat to the integrity of the natural gas infrastructure resulting in
278 reportable natural gas incidents. Third party damage is damage to the pipeline
279 from an excavator that is not employed by the operator.

280 Like many natural gas system operators, Nicor uses contract locating companies,
281 that is, companies on contract with the utility, to meet the varying demand for
282 locating and marking of their facilities in compliance with excavation-damage
283 prevention requirements. Using contractors allows Nicor to obtain the necessary

284 resources during the construction season when the excavation notices increase
285 and reduce their resources during reduced excavation activity. Providing timely
286 response to excavation notices, as well as accuracy of facility marking, is
287 essential to a successful damage prevention program. The field operations
288 support personnel within the Locating Services Department verify that locating
289 requests are being met as required, confirm the accuracy of the locating and
290 identify training needs relating to damage prevention activities.

291 Q. **Please explain the term “Watch and Protect”?**

292 A. “Watch and Protect” activities are carried out by the Locating Services
293 Department and the Transmission Department. They are intended to reduce
294 third party damage to critical pipeline infrastructure. When an excavation notice
295 involves an area near a critical pipeline facility, such as a large diameter line or
296 transmission line, Nicor employees engaged in “Watch and Protect” make
297 contact with the excavator and explain that critical infrastructure is located within
298 the identified location of the intended excavation activity. In some cases, Nicor
299 employees will remain on site or conduct periodic inspections of the excavation
300 activity to ensure that the critical infrastructure is not damaged by the exaction
301 activity.

302 Q. **Can you identify anything about Nicor’s current compliance structure that**
303 **enables Nicor to achieve and maintain its good overall code compliance**
304 **record?**

305 A. Local knowledge is essential to maintaining the integrity of a natural gas pipeline
306 system. Operators are required to demonstrate Knowledge of the system under

307 the new Distribution Integrity Management Program (“DIMP”) rule found in
308 Subpart P of 49 CFR Part 192. Knowledge of the system is enhanced by the
309 availability of accurate and complete records. Subpart “P” of the 49 CFR Part
310 192 requires operators to review records to verify their Knowledge of the system.
311 The operating experience of the long term employees of the operator contributes
312 to the operator’s knowledge and expertise regarding material, equipment,
313 operating environmental factors, potential threats to the system, etc. This
314 experience results in the operator having subject matter experts (“SMEs”). Nicor
315 has several SMEs relating to the varied operating characteristics and challenges.
316 As part of the development of an adequate DIMP, the operators must verify the
317 accuracy of their knowledge. SMEs are used in the verification process.

318

319 Q. **What are some of the most important activities conducted by the various**
320 **Nicor departments previously mentioned in regards to code compliance?**

321 A. In addition to the maintenance of the corrosion control and the systems damage
322 prevention quality assessments, the transmission integrity management program
323 (“TIMP”), and DIMP Plan are essential elements for code compliance.

324 Q. **Please describe the purpose of the TIMP.**

325 A. When transmission pipelines operating above thirty (30) percent of the specified
326 minimum yield strength (“SMYS”), that is, the minimum internal pressure that will
327 cause the pipe to yield and deform, and experience failure, they tend to
328 catastrophically fail rather than simply leak. If those failures are located in a high

329 consequence area (“HCA”), such as an area with high population density, there
330 is a higher likelihood of personal injury.

331 49 CFR Subpart “O” requires operators of transmission pipeline facilities to have
332 and implement a transmission integrity management program (“TIMP”). The
333 TIMP rule specifies how pipeline operators must identify, prioritize, assess,
334 evaluate, repair and validate the integrity of gas transmission pipelines that
335 could, in the event of a leak or failure, affect HCAs within the United States.
336 HCAs include certain populated and occupied areas. The program is intended to
337 be a proactive approach to identifying anomalies on transmission facilities that
338 may affect the integrity of the pipeline.

339 Q. **Please describe Nicor’s TIMP.**

340 A. The Nicor transmission system contains piping in HCAs that operates at or in
341 excess of 30% of SMYS. In order to implement the required activities outlined in
342 the Nicor TIMP, fifteen (15) individual positions include responsibilities necessary
343 to support and implement the program. According to the response to Staff Data
344 Request DRB 1.15, the following positions, titles and number of individuals who
345 have TIMP-related responsibilities are:

- 346 ○ One (1) General Manager, System Integrity;
- 347 ○ One (1) Sr. Project Manager, Pipeline Integrity;
- 348 ○ One (1) Sr. Engineer, Transmission Integrity;
- 349 ○ One (1) Engineering Records Clerk;
- 350 ○ One (1) General Manager, Field Operations Administration;
- 351 ○ One (1) Sr. Manager, Operations Programs;

- 352 ○ One (1) Administrator, Corrosion Programs;
- 353 ○ One (1) General Manager, System Operations
- 354 ○ One (1) Manager, Transmission;
- 355 ○ One (1) Supervisor, Transmission;
- 356 ○ One (1) Sr. Manager, Storage;
- 357 ○ Two (2) Supervisor, Storage Operations; and
- 358 ○ Two (2) Sr. Engineer, Projects.

359 Q. **Please describe the purpose of the DIMP.**

360 A. A rule was recently implemented requiring operators, such as natural gas
361 distribution companies, to develop, write, and implement a DIMP. PHMSA
362 published the final rule establishing integrity management requirements for gas
363 distribution pipeline systems on December 4, 2009 (74 FR 63906). The effective
364 date of the rule is February 12, 2010. Operators are given until August 2, 2011 to
365 write their plan and implement their program. The requirements are included in
366 Subpart "P" of 49 CFR Part 192.

367 A DIMP is required to address significant differences in system design and local
368 conditions which affect distribution pipeline safety. The rule was developed via a
369 joint effort involving PHMSA, the gas distribution industry, representatives of the
370 public, and the National Association of Pipeline Safety Representatives
371 ("NAPSR") to explore potential approaches.

372 The DIMP Plan must address the following elements: knowledge of the system;
373 identify threats to the system; evaluate and rank risks; identify and implement
374 measures to address risks; measure performance, monitor results, and evaluate
375 effectiveness; periodically evaluate and improve the program; and report results.

376 Q. **Please describe the status of Nicor's DIMP.**

377 A. Nicor is in the process of developing a DIMP Plan that will be implemented on or
378 before August 2, 2011. According to the response to Staff Data Request DRB
379 1.17, Nicor has identified eleven (11) positions including eleven individuals that
380 include responsibilities for supporting the DIMP. Those positions are:

- 381 ○ One (1) General Manager, System Integrity;
- 382 ○ One (1) Sr. Project Manager, Pipeline Integrity;
- 383 ○ One (1) Engineer II, Pipeline Integrity;
- 384 ○ One (1) Engineer, Records Clerk;
- 385 ○ One (1) Sr. Manager, Operations Programs;
- 386 ○ One (1) Manager, Corrosion Activities;
- 387 ○ One (1) Manager, Locating Services;
- 388 ○ One (1) Sr. Manager, Technical Compliance;
- 389 ○ One (1) Manager, Regulatory Compliance;
- 390 ○ One (1) Sr. Manager, Field Operations; and
- 391 ○ One (1) Project Manager, Engineering Services.

392 **Summary**

393 Q. Please summarize your position.

394 A. I am concerned about the Joint Applicants' ability to maintain compliance with the
395 minimum safety standards after the merger over the long term. My concern is
396 based on the Joint Applicants' failure to come to an agreement as to the means
397 to maintain compliance with the minimum safety standards or to address what
398 staffing levels are necessary to maintain the compliance beyond a three year
399 period.

400 Nicor has had a very good record of complying or quickly coming into compliance
401 with the minimum safety standards. Nicor's SMEs have been indispensable in
402 that regard. The SMEs have proven to be an essential element contributing to
403 and validating the operators' knowledge of the system when developing the TIMP
404 and DIMP plans. This knowledge will be essential when validating the results of
405 those Plans. In the future, the SMEs will also be called upon to recommend and
406 evaluate the effectiveness of additional measures implemented to reduce threats
407 and risks to the system as operating conditions change. Knowledge of the
408 system and identification of threats to the system are two of the core elements of
409 integrity management. A long term commitment to maintain the current staffing
410 levels, including SMEs, in the various departments involved in compliance
411 verification is necessary for long term compliance.

412 Nicor operates 24,491 miles of distribution main and approximately 2 million
413 distribution service lines. All of the distribution facilities will be covered by the
414 DIMP. Local knowledge of the pipeline infrastructure and the operating
415 environment is required under the DIMP rule. A long-term commitment to locally
416 maintaining the current positions engaged in the DIMP activities should be
417 considered a requirement under the rule.

418 Nicor operates 1,175 miles of transmission pipeline. The Nicor transmission
419 system includes 270 miles of pipe classified and being located in high
420 consequence areas. Local knowledge of the pipeline operating environment is
421 essential to the successful implementation of the TIMP plan requirements. A

422 long-term commitment to locally maintaining the current positions engaged in
423 TIMP activities is essential to the success of the TIMP.

424 An effective corrosion control program and an effective leak management
425 program are requirements of the integrity management rules and contribute to
426 compliance with other sections of the CFR requirements. To address issues
427 discovered in the past, Nicor has implemented numerous quality verification
428 programs to ensure that all requirements are met. A long-term commitment to
429 maintain the programs locally would demonstrate an understanding of the
430 corrosion control issues addressed by Nicor, and the resources necessary to
431 meet the CFR requirements.

432 Third party damage is the leading cause of natural gas pipeline reportable
433 incidents. An effective damage prevention program not only reduces the
434 likelihood of an incident, it assists in preserving the integrity of the pipeline.
435 Comprehensive quality assessment of the damage prevention process, as well
436 as the activities performed in the field, verifies that operator specific procedures
437 are being followed. The comprehensive inspections also help to identify training
438 needs for both the individuals performing the locating of facilities and the
439 individual performing the excavations. The comprehensive program conducted
440 by Nicor is key to continued compliance with the damage prevention
441 requirements contained in the CFR and the Illinois Underground Utility Facilities
442 Damage Prevention Act.

443 **Recommendations**

444 Q. **Do you have recommendations to offer the Commission relating to code**
445 **compliance if the Commission approves the merger between AGL and**
446 **Nicor?**

447 A. Yes. To assure that subsequent to the merger, Nicor remains compliant with the
448 Minimum Federal Safety Standards and the Illinois Gas Pipeline Safety Act, I
449 recommend that the Commission impose six conditions upon the merger:

450 1. With regard to the corrosion control and the current staffing levels of
451 each position identified by Nicor in the response to Staff Data Request
452 DRB 1.19, the Commission should order AGL Resource to maintain
453 staffing of each position at or above the current levels. The
454 Commission should further order each position to remain in the Illinois
455 operations offices for a minimum of ten (10) years. The positions
456 include:

- 457 ▪ One (1) General Manager, Field Administrative Support;
- 458 ▪ One (1) Senior Manger, Operations Programs;
- 459 ▪ One (1) Administrator, Corrosion Programs;
- 460 ▪ One (1) Manager, Corrosion Activities;
- 461 ▪ One (1) Analyst, Corrosion Programs;
- 462 ▪ One (1) Consultant, Corrosion Control;
- 463 ▪ Five (5) Supervisor, Corrosion Control;
- 464 ▪ Two (2) Corrosion Control Field Technicians;
- 465 ▪ Seven (7) Corrosion Control Technicians;
- 466 ▪ Two (2) Corrosion utility Inspectors; and
- 467 ▪ One (1) General Office Clerk.

468 2. With regard to the Technical Compliance Department and the current staffing
469 level of each position identified by Nicor in the response to Staff Data
470 Request DRB 1.03, the Commission should order AGL Resources to maintain
471 staffing of each position at or above the current levels. The Commission

472 should further order each position to remain in the Illinois operations offices
473 for a minimum of ten (10) years. The positions include:

- 474 ▪ One (1) Sr. Manager, Technical Compliance;
- 475 ▪ One (1) Manager, Regulatory Compliance;
- 476 ▪ Seven (7) Analyst, Quality Assurance;
- 477 ▪ One (1) Sr. Engineer, Codes & Standards;
- 478 ▪ One (1) Project Manager, Technical Compliance;
- 479 ▪ One (1) Manager, Technical Learning;
- 480 ▪ One (1) Sr. Instructional Designer;
- 481 ▪ Two (2) Instructor, Technical Training;
- 482 ▪ Two (2) Sr. Instructor, Technical Training;
- 483 ▪ One (1) Specialist III, Training & Development; and
- 484 ▪ One (1) Consultant, Quality Assessment / Welding.

485 3. With regard to the Locating Services Department and the “Watch and Protect”
486 program and the current staffing level of each position identified by Nicor in
487 the response to Staff Data Request DRB 1.10, the Commission should order
488 AGL Resources to maintain staffing of each position at or above the current
489 levels. The Commission should further order each position to remain in the
490 Illinois operations offices for minimum of ten (10) years. The positions
491 include:

- 492 ▪ One (1) Sr. Supervisor, Watch and Protect;
- 493 ▪ One (1) Supervisor, Watch and Protect;
- 494 ▪ Three (3) Administrators, Damage Prevention;
- 495 ▪ Three (3) Sr. Specialists, Damager Prevention; and
- 496 ▪ One (1) Supervisor, Transmission.

497 4. With regard to the Transmission Integrity Management Program, the current
498 staffing level of each position identified by Nicor in the response to Staff Data
499 Request DRB 1.15, the Commission should order AGL Resources to maintain

500 staffing of each position at or above the current levels. The Commission
501 should further order each position to remain in the Illinois operations offices
502 for a minimum of ten (10) years. The positions include:

- 503 ▪ One (1) General Manager, System Integrity;
- 504 ▪ One (1) Sr. Project Manager, Pipeline Integrity;
- 505 ▪ One (1) Sr. Engineer, Transmission Integrity;
- 506 ▪ One (1) Engineering Records Clerk;
- 507 ▪ One (1) General Manager, Field Operations Administration;
- 508 ▪ One (1) Sr. Manager, Operations Programs;
- 509 ▪ One (1) Administrator, Corrosion Programs;
- 510 ▪ One (1) General Manager, System Operations
- 511 ▪ One (1) Manager, Transmission;
- 512 ▪ One (1) Supervisor, Transmission;
- 513 ▪ One (1) Sr. Manager, Storage;
- 514 ▪ Two (2) Supervisor, Storage Operations; and
- 515 ▪ Two (2) Sr. Engineer, Projects.

516 5. With regard to the Distribution Integrity Management Program, the current
517 staffing level of each position identified by Nicor in the response to Staff Data
518 Request DRB 1.17, the Commission should order AGL Resources to maintain
519 staffing of each position at or above the current levels. The Commission
520 should further order each position to remain in the Illinois operations offices
521 for a minimum of ten (10) years. The positions include:

- 522 ▪ One (1) General Manager, System Integrity;
- 523 ▪ One (1) Sr. Project Manager, Pipeline Integrity;
- 524 ▪ One (1) Engineer II, Pipeline Integrity;
- 525 ▪ One (1) Engineer, Records Clerk;
- 526 ▪ One (1) Sr. Manager, Operations Programs;
- 527 ▪ One (1) Manager, Corrosion Activities;
- 528 ▪ One (1) Manager, Locating Services;
- 529 ▪ One (1) Sr. Manager, Technical Compliance;
- 530 ▪ One (1) Manager, Regulatory Compliance;

- 531 ▪ One (1) Sr. Manager, Field Operations; and
532 ▪ One (1) Project Manager, Engineering Services.

533 6. The Commission should further order that AGL seek approval by the
534 Commission for any reductions in staffing levels to the positions identified
535 above or relocation of those positions. Reassignment of any task relating to
536 code compliance activity implementation or compliance monitor, to a position
537 held outside the State of Illinois, should also require Commission approval.

538 Q. **Does that conclude your testimony?**

539 A. Yes, it does.