

-- Original Message-----

From: a.ikoma@pecorp.com [mailto:a.ikoma@pecorp.com]  
Sent: Monday, March 24, 2003 8:59 AM  
To: Howard, Joan  
Subject: PGL & NSG Inside Gas Piping Warranty Program

Hi Joan:

Peoples Gas Light (PGL) and North Shore Gas (NSG) is planning on implementing an Inside Gas Piping Warranty Program similar to SBC's Linebacker Program. I would like to arrange a conference call between you, John Hendrickson from Rates and Eric Lounsberry from Engineering to advise your areas of our plans and to answer any questions you may have.

Currently PGL and NSG respond to over 50,000 leaks annually. If the leak is outside the home, it is repaired by the Utility. If it is after the meter, it is the responsibility of the customer and must be repaired at their expense.

~~PGL and NSG currently offer leak repair service at \$40.00 for the first 30 minutes and \$35.00 for each additional 30 minutes during regular business hours (7:30 am - 5:30 pm, M - SA) and \$60 for the first 30 minutes and \$52.50 for each additional 30 minutes at other times.~~

The customer has the option of having a contractor repair the leak. The cost to fix the gas leak by a contractor is a minimum of \$65 (standard trip charge based upon a survey of HVAC contractors) but can range from \$65 - \$300, with additional fees for overtime or weekend work.

Our Inside Gas Piping Warranty Program would be available to residential and small commercial customers. For a nominal monthly service charge, the customer can purchase a warranty that will provide the parts and labor necessary to repair inside gas leaks (up to \$300 per incident). Leak repairs would include the replacement of flexible connectors if the source of the leak is found to be the connector. The program would be managed internally and PGL and NSG service technicians would perform all the work. This would be a utility service.

Both Nicor and Nipsco currently offer its customers inside gas piping warranty programs.

We hope to first pilot this program to NSG, followed 6 months later to PGL customers. We had originally hoped to roll this out to NSG by May 1, however, it appears that June or July is a more likely date.

Please e-mail me or call me at (312) 240-4263 so we can arrange a conference call.

Thanks for your assistance in setting this up.

Allan Ikoma  
Manager, Rates

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Illinois Commerce Commission Data Request Questions & Answers(1-12)  
Peoples Energy Protection Plus Program (PEPP)

Commission Staff has recently received the attached communication from a union representing some of North Shore's workers regarding an inside gas piping repair service being offered in North Shore's service territory by a company that is apparently an affiliate of North Shore. Staff has examined the material received from the union and has a number of questions and concerns about the piping repair program. They are as follows:

- (1) When was the Peoples Energy Protection Plus program first offered to North Shore customers?

**Response:**

February 2, 2004.

- (2) What accounts for the variation in advice being provided in Protection Plus program material to gas customers about the first actions they should take if they smell the odor of gas in their residences, and which variation of advice is the proper advice?

**Response:**

There is no variation in advice. The literature pertaining to the Protection Plus program advises customers to leave immediately and call the utility from a phone outside of their home.

- (3) The attached material indicates that "North Shore Gas employees will generally perform services."

- (a) What affiliated interest agreement is in place between North Shore Gas and Peoples Energy Home Services "PEHS") that would permit such transactions between North Shore Gas and PEHS?

**Response:**

In Docket #55071, the Illinois Commerce Commission approved the Intercompany Services Agreement. Pursuant to the Commission's supplemental order in that docket, affiliated interests of Peoples Gas and North Shore Gas can be added as parties to the Intercompany Services Agreement, upon the filing of a supplemental agreement with the Commission. By the Seventh Supplemental Agreement to the Intercompany Service Agreement, Peoples Energy Ventures was added as a party. PGL and NSG provide services to Peoples Energy Home Services. Peoples Energy Home Services is a subsidiary of Peoples Energy Ventures.

- (b) Please provide a copy of any such agreement and identify the proceeding in which the Commission approved this agreement.

**Response:**

See Attached.

- (c) Does that agreement require North Shore Gas to obtain

Commission authority to provide to PEHS the billing and collections services mentioned among others in the documentation?

**Response:**

No.

- (d) Please explain how costs incurred by North Shore for the Protection Plus program are tracked, accounted for and reimbursed by PEHS.

**Response:**

Costs incurred for service work related to the Protection Plus program (PEPP) are tracked by North Shore using specific job codes for PEPP. Additional costs related to the PEPP for customer billings are incurred based on the number of NSG billings. These costs are billed to PEHS on a monthly basis for reimbursement.

- (e) Please explain the process.

**Response:**

See response to Question 3(d).

- (f) What accounts are used in the process?

**Response:**

The following accounts are used by NSG for PEPP billings to PEHS:

1. NSG incurs PEPP service work charges:
  - Db. ICC 879 - Customer installation expenses
  - Cr. ICC 232 - Accounts Payable
2. NSG bills PEPP service work charges to PEHS:
  - Db. ICC 146 - Accts Receivable from associated companies
  - Cr. ICC 879 - Customer installation expenses
3. NSG bills PEHS for PEPP customer billings:
  - Db. ICC 146 - Accts Receivable from associated companies
  - Cr. ICC 495 - Other Revenues
4. Payments from PEHS to NSG for PEPP billings:
  - Db. ICC 131 - Cash
  - Cr. ICC 146 - Accts Receivable from associated companies

- (4) Please identify the Commission rule, utility tariff or other provisions that permits payments by North Shore Gas to be posted to customer accounts before past and current utility charges.

**Response:**

Neither the Commission's rules nor the PGL and NSG tariffs address cash posting logic.

- (5) Is the method described in the documentation of the Protection Plus program for applying customer payments to outstanding

customer service balances, e.g., first to PEHS Protection Plus charges and then to North Shore gas utility service charges, in accord with Commission rules?

**Response:**

Please see response to item 4.

- (6) Please identify the amount of charges provided to date since the inception of the program by North Shore to PEHS.

**Response:**

From February 2 through May 31, 2004, North Shore Gas charged PEHS \$417 for repairs and \$542 for customer billing services.

- (7) Please identify the nature and dollar amounts of services provided by PEHS to date to North Shore in connection with the Protection Plus program.

**Response:**

PEHS has not provided services to North Shore Gas.

- (8) Is there a similar arrangement between Peoples Gas Light and Coke Company and PEHS?

**Response:**

Yes.

- (9) Has North Shore Gas Company considered providing this service to customers directly, rather than through an affiliate?

**Response:**

Yes.

If yes, please explain why North Shore Gas chose to provide this service through an affiliate.

**Response:**

The parent company, Peoples Energy Corporation, reviewed options for offering the service and considered potential risks (losses), and rewards (profits) and determined that the best interests of shareholders and ratepayers would be served in offering the program, for both PGL and NSG, through PEHS.

- (10) Is it correct that a customer who needs service under the PEHS program will call North Shore Gas Company, North Shore employees will come out and perform the services, North Shore will bill and collect for the protection offered by the Protection Plus program, and the amounts collected will then be passed to PEHS?

**Response:**

If a customer suspects a gas leak, he or she will contact the utility to investigate and identify the source of the leak. If repairs are necessary and the customer has elected to participate in the PEPP program, PEHS will pay the utility for repair costs. As an added convenience, PEPP charges are included on the customer's utility bill. The utility does not perform any collection activities on behalf of PEHS.

Page (1 of 10) What steps has North Shore taken to ensure that customers understand that the Protection Plus program is not a service the customers are required to take?

**Response:**

The communications advise customers that they have several options for managing repair costs including purchasing the PEPP program from the affiliate PEHS, paying the utility for repair costs at the time of service, or retaining their own contractor to perform repairs.

(12) If repairs under the Protection Plus program exceed the \$300 cap, how will the customer be charged for the amount exceeding \$300?

**Response:**

Customers can elect to have charges added to their gas bill, or they can pay at the time of service.

Will the amount exceeding \$300 be retained by North Shore or will it be passed to PEHS?"

**Response:**

If North Shore Gas makes repairs, they will retain any monies collected in excess of the limit of \$300.

April 13, 2004

**LOCAL 18007**



MES M. GFNETT  
President

HARLES WILLIAMS  
President

ATRICK J. DILLON  
Recording Secretary

ARLOS J. OCASIO  
Secretary-Treasurer

HN GROENWALD  
Business Manager

ENAF H. GOMEZ  
Trustee

RALPH RUIZ  
Trustee

AL JACOBS  
Trustee

Mr. Rex Evans  
Supervisor, Pipeline Safety  
Illinois Commerce Commission  
527 E. Capitol Ave.  
Springfield, IL 62794-9280

Dear Mr. Evans,

Peoples Energy has implemented the so-called "Peoples Energy Protection Plus" program.

This program has impact on members of the Local 18007 bargaining-unit, who are under a collective bargaining agreement with Peoples Energy.

Would you please advise, or direct me as to who can advise, regarding whether the program was approved by the ICC (if same was necessary) as well as any other information relevant to the program as it may pertain to the bargaining-unit of Local 18007.

Sincerely,

John Groenwald, Business Manager  
Gas Workers Union, Local 18007  
UWUA, AFL-CIO

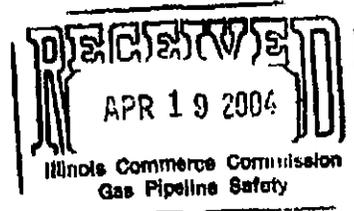
WORKERS UNION  
OF AMERICA  
AFL CIO

WORKERS UNION  
LOCAL 18007

Suite 307  
10 S. Ashland Ave.  
Chicago, IL 60607

Tele: (312) 226-1553  
(312) 226 1555

encls.



## Peoples Energy Protection Plus Terms and Conditions

This document sets forth the terms and condition of your agreement with Peoples Energy Home Services, LLC (PEHS) and you for the Peoples Energy Protection Plus program.

1. If you suspect a gas leak, call North Shore Gas at 1-866-556-8005 immediately to obtain service under the Peoples Energy Protection Plus program. If you smell gas in your home, leave immediately and call North Shore Gas from outside your home.
2. Peoples Energy Protection Plus is only available to: (a) residential utility customers of North Shore Gas Company; (b) with gas bill accounts that are current; (c) who own the dwelling unit; (d) who have 1¼ inch diameter or smaller piping; (e) whose dwelling unit is separately metered from any other dwelling units; and (f) whose dwelling unit is located in a structure with three or fewer dwelling-units. Each program contract applies to one dwelling unit. You may not transfer this contract or your rights or obligations under this contract.
3. Under Peoples Energy Protection Plus a North Shore Gas service technician, or other authorized contractor, will inspect and repair the source of the leak(s) on exposed pipes and appliance connectors inside your home at no charge up to \$300 per leak incident during the contract term, subject to the terms, conditions, limitations and exclusions in this contract.
4. You will be charged \$2.95 per month for this service. Your charges for this service will appear on your North Shore Gas bill and will be due when your utility payment is due. Your first payment will constitute acceptance of these terms and conditions.
5. To be covered by this agreement gas piping must be ½ to 1¼ -inch diameter pipe of a type certified by the American Gas Association, National Fuel Gas Code or the National Fire Protection Association. It must be installed to meet local, state and federal codes and must satisfy both the appliance manufacturer's requirements and North Shore Gas requirements for safe and proper installation. In addition, the piping must be in proper operating condition without need of repair at the time you enroll in Peoples Protection Plus. Examples of gas piping code violations, which are not eligible for service, include cast iron pipe, plastic pipe or the lack of a gas shutoff valve located within six feet from a gas appliance. Some code violations can be corrected at an additional cost.
6. Before accepting any piping for coverage under the Program, PEHS reserves the right to make an on-site inspection of the piping and to restrict coverage for certain types of gas piping systems due to non-availability of gas fittings.
7. IN THE EVENT YOU NOTIFY NORTH SHORE GAS OF ANY MATERIAL DEFECTS IN GAS FITTINGS OR SERVICE PROVIDED HEREUNDER WITHIN 30 DAYS OF THE DATE THE SERVICES ARE PERFORMED, AS YOUR SOLE AND EXCLUSIVE REMEDY, WE WILL REPAIR OR REPLACE THE DEFECTIVE GAS FITTINGS OR RE-PERFORM THE SERVICE AT NO COST TO YOU. PEHS MAKES NO OTHER EXPRESS OR IMPLIED WARRANTIES OF ANY KIND AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. PEHS' TOTAL LIABILITY TO YOU UNDER THIS CONTRACT SHALL IN NO CASE EXCEED \$300.00 PER LEAK INCIDENT. IN NO EVENT SHALL NORTH SHORE GAS BE LIABLE TO YOU FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES REGARDLESS OF THE THEORY OF RECOVERY, BE IT IN TORT, CONTRACT, STRICT LIABILITY OR INDEMNITY.
8. Service response timing shall be determined by scheduling priorities that consider public safety, health, welfare, existing work loads, nature of service and prevailing weather conditions. In no event will PEHS be liable for delays in performing the services caused by labor difficulties, acts of war, acts of god, terrorism or other events beyond the reasonable control of PEHS. North Shore Gas employees will generally perform services. However, PEHS or North Shore Gas may, in their sole discretion use qualified contractors to fulfill all or any part of PEHS' obligations under this agreement. Repairs will be performed during regular business hours, 7:30 a.m. to 4:30 p.m. Monday through Friday. If repairs cannot be completed within such hours, the repair services will be completed on the next available business day during regular business hours. PEHS shall have no obligation to perform repair services where performance would expose repairing personnel to dangerous or unhealthy conditions..
9. All gas piping covered by the program must be readily accessible and exposed (not located behind walls, in ceilings, under floors or underground (see the specific exclusions below for more information). In general, coverage includes gas piping located after the meter up to the gas appliance connection(s), subject to all of

the limitations and exclusions in this contract. PEHS will not expose unexposed piping. In the event that you chose to expose piping that is not readily accessible, you will be responsible for any damage caused or costs incurred to expose the piping, and you will be solely responsible for any restoration or restoration costs (examples of customer restoration costs include plaster, drywall or ceiling repairs).

10. All work must be performed by a North Shore Gas technician or authorized contractor. Credit will not be issued for any work or material covered under the Program not installed by North Shore Gas or its authorized contractor.
11. Peoples Energy Protection Plus covers normal wear and tear, but not gas fittings or service work required as a result of abuse, intentional damage, customer negligence, vandalism or other criminality, war, terrorism, or as a result of casualty or acts of god including, fire, freezing, or flooding or earth movements.
12. PEHS will not be responsible for replacing any gas piping that is not correctly sized for the gas appliances supplied by the piping.
13. Gas fittings may be replaced with an equivalent make, type or style.
14. Peoples Protection Plus service contract payments must be paid when due to maintain uninterrupted coverage. Payments are posted to your account in the following order: 1) Peoples Protection Plus program 2) past due utility charges 3) current utility charges 4) auxiliary products and services. All contracts 60 days in arrears will be automatically cancelled.
15. PEHS reserves the right to change pricing or other terms upon at least 30 days written notice. Written notice of pricing changes shall be made pursuant to notification on your North Shore Gas monthly billing statement specifying the effective date of the change in pricing.
16. **Specific Exclusions:** Only exposed piping is eligible for repair. The following gas piping is excluded from coverage: corrugated stainless steel tubing, underground gas piping; gas piping in or to mobile homes; gas piping to and in outbuildings not attached to the primary location; gas piping in any facility used for commercial purposes; exposed gas piping located in crawl spaces and other spaces that are difficult to gain access to; gas piping located in the common areas of multi-unit buildings; gas piping located on rooftops or attics when there is no floor or no conventional access; gas piping involved in tampering with utility facilities or the theft of gas; copper gas piping, and gas piping larger than 1/4 inches in diameter. Devices or equipment utilized to regulate gas pressure and gas boosters are not covered. Repairs to appliances are not included, except PEHS will perform repairs to (but not replacement of) pilot tubing.
17. **TERM OF SERVICE, RENEWAL.** Coverage commences seven (7) days after the date of this enrollment packet. **THE COVERAGE WILL RENEW ON A MONTHLY BASIS THEREAFTER BY YOUR PAYMENT OF THE MONTHLY CHARGE WHEN DUE, UNLESS YOU CANCEL THE CONTRACT, PEHS ELECTS NOT TO RENEW YOUR CONTRACT, OR PEHS CANCELS YOUR CONTRACT OR THE PROGRAM.** Coverage is prepaid. Failure to pay the monthly service charge will result in a lack of coverage for the month related to that charge.
18. **CANCELLATION.** You may cancel the contract at any time for any reason by notifying PEHS in writing of the cancellation to Peoples Energy Protection Plus, P.O. Box 81431, Chicago, IL 60681-0431 or by calling 1-888-240-3710. Should you cancel within the first 30 days of enrollment, you will receive a full refund. If you cancel within the first 30 days of coverage and repair work has been performed, you will receive a full refund of premiums paid and PEHS will bill you for the cost of materials and repair work at the then-current rates. Cancellations at any other time will result in a refund of any service contract payments for coverage periods that have not commenced. Cancellations will cancel coverage beginning the first day of the calendar month immediately following the date the cancellation is received by PEHS. If you move to a new location this contract shall continue at the new location unless you notify PEHS of the cancellation or unless you do not qualify for the program at the new location. PEHS may cancel this contract or elect not to renew the contract at any time for any reason or no reason whatsoever. If your contract is canceled by PEHS for a material misrepresentation on your part, we are entitled to demand payment for the cost of any service performed and gas piping and/or pipe fittings provided. Cancellations by PEHS shall be made in writing and shall be effective on the date set forth in the written notice. In the event PEHS cancels the contract for reasons other than fraud or material misrepresentation and you have paid the monthly charge for a period of coverage subsequent to the cancellation date, PEHS will refund such monthly charge.
19. This contract represents the complete and exclusive statement of the agreement between the parties, which supersedes all prior proposals, oral or written, and all other prior communications between the parties relating to the subject matter of this contract. If any section, subsection, term or provision of this contract or the application thereof to any party or circumstance shall, to any extent, be held invalid or unenforceable, the remainder this contract and the application of such section, subsection, term or provision to parties or

circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

20. The Peoples Energy Protection Plus provider is Peoples Energy Home Services, LLC. Peoples Energy Home Services, LLC is located at P.O. Box 81431, Chicago, IL 60681-0431.
21. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without regard to any law of conflicts that may direct the application of the laws of another jurisdiction. The parties irrevocably submit themselves to the jurisdiction of the state and federal courts sitting in Chicago, Illinois with regard to any controversy in any way relating to the execution, delivery or performance of this contract. The parties further agree that any and all actions founded upon such controversies shall be brought and prosecuted exclusively in such courts and nowhere else.
22. PEHS may transfer this contract or its rights or obligations under this contract.

*April Johnson*  
*ap.johnson@pecorp.com*



Peoples Energy ProtectionPlus™

Dear <Customer Name>:

Thank you for choosing Peoples Energy Protection Plus – an affordable new service contract that protects you from unexpected costs for most gas leak repairs inside your home. As a Peoples Energy customer, you are already assured prompt and immediate service for any potential emergency gas leaks with just a phone call. Now with Peoples Energy Protection Plus, you will enjoy the following additional benefits:

- In the event of a gas leak, an experienced Peoples Energy service technician will come to your home to inspect *and repair* most leaks with no additional charges for materials and/or labor up to \$300 per service call (see coverage details in the attached Terms and Conditions).
- The plan provides "one stop shopping" for both leak investigation and covered repairs.
- The plan eliminates the hassle of finding a reputable contractor who can respond in a timely manner.
- The plan eliminates service call charges and costly time and material charges, which is the most common method contractors bill customers.

Again, thank you for choosing Peoples Energy Protection Plus. Enclosed you will find the Terms and Conditions of the program, a fact sheet with answers to frequently asked questions related to the program and natural gas safety information. If you have additional questions, please call our toll-free number at 1-866-556-6004.

We look forward to serving you.

Sincerely,

Peoples Energy Home Services, LLC  
Enclosure

## **Frequently Asked Questions**

### ***What should I do if I smell gas?***

Call North Shore Gas IMMEDIATELY if you smell gas in your home at 1-866-556-6005.

### ***How does the program work?***

With Peoples Energy Protection Plus, if our service technician finds a leak in the exposed gas piping inside your home during the term of your coverage, we will repair it.

A Peoples Energy service technician will inspect and repair leaks on exposed pipes and appliance flexible connectors inside your home at no charge up to \$300 per leak incident. Most repairs will be made the same day.

Without Peoples Energy Protection Plus, if the source of a gas leak is inside your home, you would have two choices. One, Peoples Energy would repair the leak and charge you an hourly fee. Two, the fuel line connecting the appliance would be disconnected and you would hire a private contractor to make the repair.

### ***Who is eligible for the program?***

The program is available to homeowners who live in a structure with three or fewer individual dwelling units. In addition, your gas bill payments must be current.

### ***Are materials and labor covered if there is a repair?***

Yes. If the technician determines that there is a problem and repairs it, there is no charge for the materials or labor up to \$300 per leak incident.

### ***What types of repairs are not covered by Peoples Energy Protection Plus?***

The plan does not cover gas pipes that are not exposed, or that are larger than 1¼ inches in diameter. It does not cover repairs to actual appliances, repairs to underground piping, piping outside of the primary location or outbuildings not attached to the primary location, piping located in crawl spaces, piping facilities used for commercial purposes or mobile homes, and piping located in the common areas of multi-unit building. See the Terms and Conditions for a complete list of exclusions.

### ***How much does the plan cost?***

The cost for this coverage is a small monthly fee of \$2.95. The amount will be automatically added to your North Shore Gas bill each month.

### ***Are all material and labor guaranteed?***

Any work performed under your service contract is guaranteed against defects in material or workmanship for 30 days from the date of the service was performed.

### ***If I don't have any repairs do I receive money back?***

No. Like an insurance policy, the service contract provides protection against unexpected repair bills.

### ***What happens if I move?***

If you move, you have the option of continuing the plan at your new address, if it is within our service territory and if you are eligible for the program at the new premises.

### ***If I sell my home, can the new owner assume the contract?***

No. Your service contract is between you and Peoples Energy Home Services and may not be transferred to the new owner.

**ICC Docket No. 11-0281**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests DAS 10.01-10.02**  
**Dated: August 4, 2011**

**REQUEST NO. DAS 10.01:**

With regard to the Companies revised corrected responses to DAS 2.10b and c, DAS 6.06c which state that charges were based on direct time reporting and the Companies responses to DAS 7.02f and Ms. Gregor's rebuttal testimony on page 4 which state that charges are based on an estimated annual percentage, please provide the following information:

- a. Why was only direct time reporting identified in DAS 2.10b?
- b. For each year that "these charges were based on a percentage allocation of time spent by the customer service representatives on calls or solicitation of the PEPP," please provide the cost studies that formed the basis of those percentages. Provide any data analyzed along with the studies. Please provide all data in Excel spreadsheets with formulas intact.
- c. For each year when direct time reporting was used, provide all time records to establish the amounts paid by PEHS and note the party to whom those amounts were paid.
- d. Please explain why any cost studies provided here were not provided when requested in DAS 2.10c, DAS 6.06c.

**RESPONSE:**

- a. The original response to Staff data request DAS 2.10 only referenced the repair costs and those costs are based on direct time reporting. The revised response to DAS 2.10 added the costs for accounting, tax and the customer area. However, part c of the data request was not updated to reflect that those costs were based on a percentage allocation.
- b. There were no cost studies. The allocation percentage was based on a FTE work estimate. See attached spreadsheet for the percentages billed PEHS by each of the Customer Relations area from 2005-2007. As mentioned in Ms. Gregor's testimony, starting in 2008, the Customer Relations area erroneously stopped billing PEHS when they were moved to Integrys Business Support. The attached schedule also shows the percentage that Customer Care is now billing beginning in August 2011.
- c. Time records are not available. See the attachments to the response to Staff data request DAS 7.02 for the detail that is available.
- d. There are no cost studies available.

**ICC Docket No. 11-0281**

**The Peoples Gas Light and Coke Company's Response to  
Staff Data Requests DAS 9.01-9.19**

**Dated: August 3, 2011**

**REQUEST NO. DAS 9.09:**

With regard to the Companies response to DAS 7.01, regarding the solicitation of utility ratepayers by IBS for the affiliate product Pipeline Protection Program ("PPP") since 2008:

- a. Does Peoples Energy Home Services ("PEHS") pay IBS for solicitations that do not result in PPP sign-up?
- b. How does the IBS track the time spent on solicitations?
- c. Please provide the number of solicitations made each month by IBS on behalf of PEHS.

**RESPONSE:**

The response to Staff data request DAS 7.01 indicated that Peoples Energy Home Services paid Peoples Gas solely for repair services performed by the utility's personnel, but not for solicitation services. Effective August, 2011, IBS has instituted a process for billing Peoples Energy Home Services for solicitation for the Pipeline Protection Program ("PPP"). The following responses reflect the new process.

- a. Yes. Peoples Energy Home Services pays IBS for conducting solicitation, regardless of the success of the solicitation effort.
- b. Total time spent on solicitations is calculated as a set percentage of the call center's overall labor, based on known averages for inbound service application calls.
- c. Solicitations are conducted procedurally to applicants for service, based on the applicant's eligibility for PPP. Individual solicitations are not tracked within the utility's computer systems and as such, Peoples Gas cannot provide the precise number of solicitations made each month.

**Data Request: DAS-13.01**

DAS-13.01 The Companies' witness Ms. Kallas indicated in direct testimony that IBS performs minimal support to PEHS including "soliciting customers requesting a service turn-on" and provides such services to PEHS at cost. (NS-PGL Ex. 1.0, pp. 5 and 10) Staff DR DAS-1.03 asked some questions regarding Ms. Kallas' testimony on this issue. The Companies, in response to Staff DR DAS-1.03, indicated in part that "IBS employees, as of June 8, 2012, no longer solicit pipeline protection program service from utility customers." Regarding the Companies' response please provide the following information.

- a. Provide the supporting calculations with documentation for the solicitation charges that were charged to IBS before the service ended in 2012.
- b. If Full Time Equivalent ("FTE") Work Estimates were used, explain why such allocations were appropriate.
- c. Provide invoices for charges made and the actual base cost amounts upon which any allocators were applied.

**Response:**

- a. The Companies understand this request to be asking for the supporting calculations for amounts that were charged to PEHS from IBS not charged to IBS. See Attach 01 for support for the calculation of the costs billed for both solicitation and billing inquiries. The monthly invoices from the call center outsourcer should have been charged directly to PEHS; however, this was not done and a correction was made in November of 2012 to bill PEHS for all of 2011 and part of 2012. However, in looking at this correction, PEHS was inadvertently billed for some of the July 2012 costs when they should not have been.
- b. Although the allocator is called a "FTE" Work estimate, the factor was based on an estimated cost for the PEPP solicitation and handling of PEPP inquiries. See response to PGL DAS 10.01, Attach 01 from Docket Nos. 11-0280/11-0281 (cons.) for support.
- c. Please see the response to Staff data request DAS 11.02, Attachment 4 for the IBS November invoice that shows this amount being billed to PEHS.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket No. 12-0273

Page 1 of 2

**Data Request: DAS-13.05**

Regarding the Companies attachment to their response to Staff DR Docket No. 11-0280/1(cons.) DAS-12.04, please provide the following information.

- a. How did the Companies charge for these services before the allocators were determined in June 2004?
- b. Provide the supporting calculations with documentation for all charges before June 2004.
- c. When did Peoples Gas first use FTE Work Estimates for PEHS?
- d. When did Peoples Gas first use FTE Work Estimates for any other affiliate?
- e. When did Peoples Gas first use FTE Work Estimates for any non-affiliated third party?
- f. When did Peoples Gas first use FTE Work Estimates for its own internal accounting practices?
- g. Why are FTE Work Estimates appropriate for each of these charges?
- h. Why are the FTE Work Estimates for FY2005 less precise than 2006?
- i. Why are the FTE Work Estimates for FY2005 more varied than 2006?
- j. Why is there a supporting calculations with documentation provided for FY2006 FTE Work Estimates but not FY2005 where all percentages in the tables are inputs?
- k. Provide the estimated or budgeted amount minus overhead for each cost category for each year that any affiliate product was offered to ratepayers.
- l. Provide the actual amount minus overhead for each cost category for each year that any affiliate product was offered to ratepayers.
- m. Provide the actual overhead for each cost category for each year that any affiliate product was offered to ratepayers.
- n. Provide the actual total amount billed for each cost category for each year that any affiliate product was offered to ratepayers.

**Response:**

- a. The response to Staff data request DAS 12.04 from Docket No. 11-0280/11-0281 (cons.) is showing the basis of the FTE estimate for fiscal year 2005. Customer Relations began billing PEHS for PEPP work in April 2004, prior to that they did not do work related to PEPP.
- b. Please see the response to subpart (a).
- c. Peoples Gas first used FTE work estimate for PEHS in January, 2004. Market Development started billing PEHS at this time.
- d. Peoples Gas is unsure of when it first used FTE estimates for billing affiliated companies.
- e. Peoples Gas is not aware of using FTE work estimate for any non-affiliated third party.
- f. See response to subpart (d).
- g. For areas where direct charging was not efficient, cost causal estimates were a second option. The FTE Work Estimate is based on a recurring, predictable level of service. The FTE Work Estimate provides a more precise apportionment, focusing on the specific function or group, than would result from using a generic allocation factor such as the general/corporate allocator.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket No. 12-0273

Page 2 of 2

- h. The Companies do not agree with the premise of this request that the FTE work estimates for FY 2005 are less precise than such estimates for 2006.
- i. The FTE work estimates are based on an estimated level of work effort based on what people creating the estimate knew at that time. The estimates were created for the budget and then used for actuals.
- j. Please see Attach 01 for support for the 4% being billed by Director's Office, marketing and Marketing Research. Names have been redacted from this attachment. These persons are not currently employed at any Integrys company. Support could not be found for the 1% being billed by Research
- k. The Companies only have budget data back to 2010. Please see Attach 02 for amounts budgeted.
- l. Please see Attach 02.
- m. Please see Attach 02.
- n. See Attach 02.

**Supplemental Response:**

- a. For billing to PEHS during fiscal 2004 (twelve months ended September 30, 2004), an FTE work estimate was used based on an estimated level of work effort. Please see response to Staff data request DAS 12.08 for the percentages that were used and the total amount billed. Support for the percentages cannot be found
- b. The charges during fiscal 2004 were calculated by taking the percentage times the total costs for each area and then applying overheads. This calculation was done within the accounting system and so there is no spreadsheet with this calculation. We also do not have the support for the actual percentage used in the system. The response to Staff data request DAS 12.08 shows the percentages that were used and the total amount billed. The response to Staff data request DAS 13.05, Attach 02, shows the amount without overheads that was billed and the amount of the overheads billed.

Docket Nos. 12-0273/13-0612 (Cons.)  
 ICC Staff Exhibit 1.0  
 Attachment F  
 Page 3 of 4

DAS 13.05  
 Attach 02  
 Budget Billings to PEHS

Cost Center	Exec Office - Sales and Marketing				Materials Production				Market Development				Customer Care				Market Research			
	Amount				Amount				Amount				Amount				Amount			
	w/o overheads	Overheads	Total		w/o overheads	Overheads	Total		w/o overheads	Overheads	Total		w/o overheads	Overheads	Total		w/o overheads	Overheads	Total	
Calendar 2010	\$ -				\$ -				\$ -				\$ 25,468.00			\$ 25,468.00	\$ -			
Calendar 2011	\$ -				\$ -				\$ -				\$ 18,563.00			\$ 18,563.00	\$ -			
Calendar 2012	\$ -				\$ -				\$ -	\$ -	\$ -		\$ 14,268.00	\$ 2,791.00	\$ 17,059.00	\$ -				
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,299.00	\$ 2,791.00	\$ 61,090.00	\$ -	\$ -	\$ -	\$ -	\$ -

Docket Nos. 12-0273/13-0612 (Cons.)  
 ICC Staff Exhibit 1.0  
 Attachment F  
 Page 4 of 4

DAS 13.05  
 Attach 02  
 Actual Billings to PEHS

Cost Center	Exec Office - Sales and Marketing 11000750			Materials Production 11000751			Market Development 11000763			Customer Care 11000795			Market Research 11000950		
	Amount			Amount			Amount			Amount			Amount		
	w/o overheads	Overheads	Total	w/o overheads	Overheads	Total	w/o overheads	Overheads	Total	w/o overheads	Overheads	Total	w/o overheads	Overheads	Total
October - September Fiscal 2004	\$ -			\$ -			\$ 32,712.39	\$ 439.03	\$ 33,151.42	\$ 20,862.52	\$ 5,528.21	\$ 26,390.73	\$ -		
October - September Fiscal 2005	\$ 5,229.33	\$ 1,976.59	\$ 7,205.92	\$ 12,772.90	\$ 4,801.96	\$ 17,574.86	\$ 7,806.41	\$ 2,888.32	\$ 10,694.73	\$ 17,786.66	\$ 6,231.64	\$ 24,018.30	\$ 2,473.04	\$ 943.87	\$ 3,416.91
October - September Fiscal 2006	\$ 5,723.42	\$ 1,335.17	\$ 7,058.59	\$ 28,981.12	\$ 14,863.82	\$ 43,844.94	\$ 66,423.83	\$ 33,485.68	\$ 99,909.51	\$ 19,173.35	\$ 7,755.71	\$ 26,929.06	\$ 37,676.14	\$ 12,964.35	\$ 50,640.49
October - September Fiscal 2007	\$ 8,519.29	\$ 1,880.09	\$ 10,399.38	\$ 5,984.07	\$ 2,572.84	\$ 8,556.91	\$ 45,729.47	\$ 22,866.20	\$ 68,595.67	\$ 31,009.77	\$ 11,248.15	\$ 42,257.92	\$ 17,349.13	\$ 8,709.96	\$ 26,059.09
October - December 2007	\$ 1,664.69	\$ 472.52	\$ 2,137.21	\$ 837.60	\$ 436.47	\$ 1,274.07	\$ 22,270.77	\$ 5,937.75	\$ 28,208.52	\$ 8,013.50	\$ 2,803.26	\$ 10,816.76	\$ 1,649.10	\$ 830.85	\$ 2,479.95
Calendar 2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calendar 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calendar 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calendar 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calendar 2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,506.62	\$ -	\$ 18,506.62	\$ -	\$ -	\$ -
<b>Total</b>	\$ 21,136.73	\$ 5,664.37	\$ 26,801.10	\$ 48,575.69	\$ 22,675.09	\$ 71,250.78	\$ 174,942.87	\$ 65,616.98	\$ 240,559.85	\$ 115,352.42	\$ 33,566.97	\$ 148,919.39	\$ 59,147.41	\$ 23,449.03	\$ 82,596.44

**Data Request: DAS-19.03**

DAS-19.03 Regarding the rates for repairs to customer-owned piping that was not covered by PPP("Repair Rates") that the Companies have charged to ratepayers or are incorporated in rates, please provide the following information:

- a. Provide the Repair Rates that the Companies used historically from 2003 to present.
- b. Provide Repair Rates reflected the each Company's revenue requirement for each rate case from 2007 to present.
- c. Did the Companies ever use an anticipated Repair Rate increase in a future test year from 2007 to present? If so, explain when and how it was calculated.

**Response:**

- a. Please see the attachment. Documentation of some repair rates prior to July 2005 is not available.
- b. North Shore and Peoples Gas do not have documentation showing the use of specific Repair Rates in developing the revenue requirement in the referenced rate cases.
- c. Please see the response to subpart (b). North Shore and Peoples Gas do not have documentation showing the use of anticipated Repair Rates in developing the revenue requirement in the referenced rate cases.

Repairs to customer-owned piping, Peoples Gas and North Shore, 2003-present

Company	Date	Time Increment	Regular Rate	Overtime Rate
			Mon - Sat 7:30 a.m. to 5:30 p.m.	Work Performed at All Other Times
Peoples Gas	June 2002 through April 2003	First 30 minutes	\$40.00	\$60.00
		Each Additional 30 minutes	\$35.00	\$52.50
North Shore	June 2002 through April 2003	First 30 minutes	\$40.00	\$60.00
		Each Additional 30 minutes	\$35.00	\$52.50
Peoples Gas	Effective June 2003 through April 2004	First 30 minutes	\$60.00	\$80.00
		Each Additional 30 minutes	\$35.00	\$55.00
Peoples Gas	Effective July 2005	First 30 minutes	\$70.00	\$90.00
		Each Additional 30 minutes	\$40.00	\$65.00
North Shore	Effective July 2005	First 30 minutes	\$70.00	\$90.00
		Each Additional 30 minutes	\$40.00	\$65.00
Peoples Gas	Effective January 2013	First 30 minutes	\$30.00	\$45.00
		Each Additional 30 minutes	\$30.00	\$45.00
North Shore	Effective January 2013	First 30 minutes	\$29.00	\$43.00
		Each Additional 30 minutes	\$29.00	\$43.00

**ICC Docket No. 11-0281**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests DAS 2.01-2.14**  
**Dated: March 16, 2011**

**REQUEST NO. DAS 2.12:**

With regard to PPP please provide the following information *for each month* since the inception of the program:

- a. How many customers are eligible for the PPP?
- b. How many total customers receive repair services from the Company (inclusive of PPP)?
- c. How many PPP customers receive repairs services by the Company in support of the PPP?
- d. What percentage of PPP repairs are performed by utility personnel?
- e. How many PPP customers receive repairs services in support of the PPP an authorized contractor (that is not an affiliate)?
- f. How many PPP customers receive repairs services in support of the PPP by an authorized contractor that is an affiliate?

**RESPONSE:**

- a. 413,684 premises currently meet the criteria for the Pipeline Protection Program. Customers must confirm ownership of the dwelling unit at the time of application for the program and to the extent that not all affected premises are owned by the customer, the actual number of eligible customers would be a subset of that number. Peoples Gas does not have historical monthly data on the number of premises that meet the criteria for the program.
- b. See PGL DAS 2.12 Attach 01.
- c. See PGL DAS 2.12 Attach 01.
- d. All Pipeline Protection Program repairs are performed by utility personnel.
- e. No customers receive repairs as a part of the Pipeline Protection Program by an authorized contractor that is not an affiliate.
- f. No customers receive repairs as a part of the Pipeline Protection Program by an authorized contractor that is an affiliate.

**Data Request: DAS-19.01**

DAS-19.01 Regarding the postage that the Companies have used to mail bills to ratepayers or is incorporated in rates, please provide the following information.

- a. Provide the Postage Class that the Companies used historically for each bill mailed to ratepayers from 2003 to present.
- b. Provide the Postage Rate that the Companies paid historically for each bill mailed to ratepayers from 2003 to present.
- c. Provide the Postage Rate reflected the each Company's revenue requirement for each rate case from 2007 to present.
- d. Provide the derivation of the postage expense reflected the each Companies' revenue requirement for each rate case from 2007 to present.
- e. Provide the derivation of the postage expense per bill reflected the each Company's revenue requirement for each rate case from 2007 to present.
- f. Did the Companies ever use an anticipated postage rate increase in a future test year from 2007 to present? If so, explain when and how it was calculated.

**Response:**

- a. North Shore and Peoples Gas have issued all bills to ratepayers as First Class mail from 2003 to present.
- b. North Shore and Peoples Gas have Postage Rate information for the following years during the requested period. Information is not available for years that are not included:

2007 - \$0.312  
2008 - \$0.324  
2009 - \$0.335  
2010 - \$0.335  
2012 - \$0.35  
2013 - \$0.36  
2014 - \$0.381

- c. North Shore and Peoples Gas do not have the specific postage rates reflected in each of the revenue requirements for each year from 2007 to present.
- d. Please see DAS 19.01 Attach 01. The years that are presented are: the 2006 Historical Test Year that was filed in 2007; 2012 Forecasted Test Year filed in 2010; 2013 Forecasted Test Year filed in 2012; and 2015 Forecasted Test Year filed in 2014. The support for the 2010 Forecasted Test Year filed in 2009 for postage cannot be found.
- e. The only year, for which North Shore and Peoples Gas have supporting calculations, that North Shore and Peoples Gas used the number of bills to calculate postage expense for rate case purpose was the 2012 Forecasted Test Year filed in 2010 – please see DAS 19.01 Attach 01.
- f. Yes, please see DAS 19.01 Attach 01. The anticipated postage rate increase was based on a postal service announcement of an increase.

DAS 19.01  
 Attach 01

Home Center AF4 NSG PGL Billing Postage Estimate Explanation

May YTD 2013 Actual Postage	\$2,147,503
Annualized to 2013 Year End	\$5,154,007
Rate Increase Inflation Recommended by Mail Services	2.8%
Rate Increase for 2014	\$144,312
Net of Volume vs e-Billing Increase	\$0
Less Sr Mgmt 2014 Budget Adjustment	-\$167,440
<hr/>	
2014 Postage Budget	\$5,130,879
Reinstate \$ Reduced by Mgmt Adjustment	\$167,440
<hr/>	
Unadjusted 2014 Estimated Need	\$5,298,319
Rate Increase Inflation Recommended by Mail Services	2.7%
Rate Increase for 2015	\$143,055
Net of Volume vs e-Billing Increase	\$0
	\$5,441,373
5% Increase in Volume for ICE Stabilization Issues requiring Rebilling Customer	\$272,069
<hr/>	
2015 Test Year Postage Budget	\$5,713,442
PGL - 84%	\$ 4,799,291
NS - 16%	\$ 914,151

DAS 19.01  
Attach 01

Home Center AF4 NSG PGL Billing Postage Estimate Explanation

May 2011 forecasted YE actual	\$4,790,984
2012 postage cost increase estimate	6.2%
Rate increase for 2012	\$297,041
Less 2% ebill adaptation	-\$95,820
<hr/>	
2012 postage budget	\$4,992,205
2013 General Inflator	3%
2013 Postage increase	\$139,781.75
<hr/>	
2013 Test Year Postage Budget	\$5,131,987
PGL - 84%	\$ 4,310,869
NS - 16%	\$ 821,118

DAS 19.01  
Attach 01

Home Center AF4 NSG PGL Billing Postage Estimate Explanation

May 2010 forecasted YE actual volume	14,058,591
2011 postage cost estimate	0.355
<hr/>	
2011 postage cost	\$4,990,800
Less 2% ebill adaptation	-\$99,816
Plus additional mailings	\$50,000
<hr/>	
2011 postage budget	\$4,940,984
Less 2012 2% ebill adaptation	-\$98,820
Plus 2012 additional mailings	\$50,000
<hr/>	
2012 Test Year Postage Budget	\$4,892,164
PGL - 84% \$	4,109,418
NS - 16% \$	782,746
Postage expense per bill	\$0.35

DAS 19.01

Attach 01

Company Code

1252000 Postage - Customer Billing

1100

Type	Doc. Date	Amount in local cur.	DocumentNo	Text	WBS element
SA	11/3/2005	286,821.19	100408505	Prepaid Postage	
SA	12/6/2005	262,964.46	100418843	Prepaid Postage	
SA	1/6/2006	235,704.04	100427364	Prepaid Postage	
SA	2/3/2006	309,087.13	100435556	Prepaid Postage	
SA	2/3/2006	-2,515.40	100435633	Prepaid Postage Corr	
SA	2/3/2006	1,285.00	100435986	Prepaid Postage Corr	
SA	3/6/2006	318,604.13	100445219	Prepaid Postage	
SA	4/7/2006	346,650.58	100454869	Prepaid Postage	
SA	5/4/2006	338,434.98	100462785	Prepaid Postage	
SA	6/6/2006	319,003.61	100472671	Clear Prepaid Postage	
SA	7/7/2006	296,927.36	100480442	Prepaid Postage	
SA	8/4/2006	296,212.38	100493840	Prepaid Postage	
SA	9/6/2006	311,615.45	100502445	Prepaid Postage	
SA	10/4/2006	291,389.38	100512810	Prepaid Postage	
*	Account 1252000	3,612,184.29			
**		3,612,184.29			

DAS 19.01

Attach 01

Company Code

1252000 Postage - Customer Billing

1200

Type	Doc. Date	Amount in local cur.	DocumentNo	Text	WBS element
SA	11/3/2005	43,451.51	100116146	Prepaid Postage	
SA	12/6/2005	345.47	100119810	Prepaid Postage	
SA	1/6/2006	45,464.03	100122937	Prepaid Postage	
SA	1/18/2006	41,150.39	100123916	Accont Correction	
SA	2/3/2006	50,687.25	100126034	Prepaid Postage	
SA	3/6/2006	49,894.34	100129123	Prepaid Postage	
SA	4/7/2006	49,947.41	100131872	Prepaid Postage	
SA	5/4/2006	48,682.00	100134470	Prepaid Postage	
SA	6/6/2006	45,494.20	100137446	Clear Prepaid Postage	
SA	7/7/2006	37,637.81	100139890	Prepaid Postage	
SA	8/4/2006	42,467.58	100143441	Prepaid Postage	
SA	9/6/2006	46,957.66	100145904	Prepaid Postage	
SA	10/4/2006	48,280.14	100148824	Prepaid Postage	
*	Account 1252000	550,459.79			
**		550,459.79			

**Data Request: DAS 1.01**

Regarding the Companies' witness Ms. Renier's direct testimony that the companies entered into an agreement with Pinnacle "prior to Pinnacle becoming an affiliate of Peoples Gas" (NS-PGL Ex. 1.0, p. 4), please provide the following information:

- a. Please explain when Pinnacle and Peoples Gas entered into the agreement for this construction? Please provide the full date.
- b. Please explain when Pinnacle and Peoples Gas became affiliates? Please provide the full date.
- c. Please explain when Pinnacle and Integrys first entered into discussions about becoming affiliates? Please provide the full date.
- d. Please provide all documents that the Companies sent and received related to the acquisition of Pinnacle, both before and after the acquisition.
- e. Please explain whether Peoples Gas submitted an RFP to solicit bids to build the fueling station before it entered into this "arms-length agreement". If so, please provide the RFP along with all submitted bids.
- f. Please state the full date construction under the contract commenced.
- g. Please explain how the price of the work conducted under the "arms-length agreement" was determined?
- h. Please explain whether the test year from the 2011 rate case (Docket No. 11-0281) included any costs or revenues from that construction work performed under the Pinnacle-Peoples Gas agreement. If these costs or revenues were included, please explain how much, in what accounts, and where they were included in Schedule C-13?
- i. Please explain whether the test year from the 2012 rate case (Docket No. 12-0512) includes any costs or revenues from work performed under the Pinnacle-Peoples Gas agreement. If these costs and revenues are included, please explain how much, in what accounts, and where they were included in Schedule C-13?.

**Response:**

- a. Peoples Gas entered into the contract on August 30, 2011.
- b. Integrys acquired Pinnacle, and Pinnacle became an affiliate of Peoples Gas, on September 1, 2011.
- c. Integrys Energy Group, Inc. ("Integrys") entered into a non-disclosure agreement ("NDA") with Trillium USA, LLC, Trillium USA Company, Pinnacle CNG Systems, LLC, and Pinnacle CNG Company. Integrys signed the NDA on May 18, 2011, and the other parties signed it on May 17, 2011. The NDA followed Integrys' initial discussion with Pinnacle and Trillium as part of Integrys' efforts to learn about the compressed natural gas business. The discussion prior to entering into the NDA was not about a merger or acquisition. The May 2011 NDA provided for discussions about an acquisition by Integrys.
- d. North Shore and Peoples Gas object to this data request as beyond the scope of this proceeding and unlikely to lead to the discovery of relevant evidence.
- e. Integrys Business Support, LLC, on behalf of Peoples Gas, prepared an RFP and submitted it directly to three companies. Please see Attachment 1. Those companies were Dual Fuel Systems Inc., Pinnacle CNG Company, and Trillium USA Company. Please see the

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket No. 12-0299

Page 2 of 2

attached responses from Dual Fuel Systems Inc. (Attachment 2) and Pinnacle CNG Company (Attachment 3). Trillium USA Company did not submit a bid on the project.

f. Primary construction began November 22, 2011.

g. The final Purchase Order amount of \$1,052,080 was determined by combining Pinnacle's revised bid amount of \$887,775 with estimated costs of certain site work that was not fully known at the time of the Purchase Order. The uncertain costs were largely for site concrete, landscaping, and fencing that are largely dictated by City of Chicago Landscaping review. This review took place during engineering and permit work included in the agreement. Please see the attachment.

h. No, there were no costs or revenues in the test year from the 2011 rate case.

i. No, there were no costs or revenues in the test year from the 2012 rate case included in Schedule C-13. Rate base includes approximately \$800,000 related to the agreement.



## **Request for Proposals (RFP)**

Request to Solicit Proposals and the  
Interest and Qualifications of Potential Bidders for:

### **Compressed Natural Gas Public Refueling Station Located at: 1241 W. Division Street, Chicago, IL**

#### **Scope of Work:**

Work with The Peoples Gas Light and Coke Company (Peoples Gas) project manager in connection with the installation of a CNG Public fueling station:

1. design facility and prepare site design drawings;
2. submit applications and obtain all permits and permitting approvals from the City of Chicago, including building, zoning and landscaping, on behalf of Peoples Gas;
3. comply with all requirements under the federal grant;
4. obtain materials and equipment;
5. be responsible for general contractor and trades for site construction, including installation of CNG compressor and public dispensers;
6. tie public fueling station into existing Peoples Gas time-fill station at Division Street; and

Assure the station is functional by December 20, 2011.

**INTEGRYS BUSINESS SUPPORT, LLC**  
**On Behalf of**  
**The Peoples Gas Light and Coke Company**



IntegrYS  
Business  
Support Supply  
Chain Services  
700 N. Adams  
Street Green  
Bay, WI 54307

INTEGRYS BUSINESS SUPPORT, LLC on behalf of its subsidiary The Peoples Gas Light and Coke Company ("Company") is seeking proposals to provide turn-key engineering design and construction solutions for a public compressed natural gas refueling station project ("Project"). The purpose of the notice is to invite potential interested and qualified bidders to submit proposals and qualifications.

Recipients of this RFP are required to provide information as attached that addresses the minimum and specific requirements outlined in this RFP. Based on the information received from the submittals, Company will select a preferred supplier of these services and will begin negotiations of the necessary agreements immediately.

The schedule for responding to this RFP is included as attached. Please note that early responses are encouraged. Company reserves the right to modify this timeline in order to meet the Company's requirements.

## **1.0 INTRODUCTION**

### **1.1 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. Our subsidiaries and people are creating a premier and growing energy company.

The seven regulated utilities consist of:

- **The 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.
- **Wisconsin River Power Company**, a hydroelectric utility located in South Central Wisconsin in which Wisconsin Public Service Corporation has a 50% owner of Wisconsin River Power Company.

The non-regulated subsidiaries include:

- **Integrys Energy Services, Inc.** Integrys Energy Services is the non-regulated subsidiary of Integrys Energy Group, Inc. It is a diversified energy company offering energy supply, risk management, and energy information management to meet our customers' energy needs. The company sells natural gas, electricity, alternate fuel products, real-time energy management services, and project development and management. Customers include aggregated residential and small commercial, large commercial and industrial customers in deregulated markets throughout the United States.

### **1.2 Introduction to RFP**

Company is issuing this Request for Proposals ("RFP") to 1) identify those firms that are interested and qualified to provide turn-key engineering design and construction solutions for a public compressed natural gas refueling station project; and 2) obtain a fixed-price turnkey proposal for the design and construction of a CNG fueling station.

### **1.3 RFP Development Costs – Company Right of Refusal**

Any cost associated with the response to this RFP shall be borne completely by the respondent and not subject to any reimbursement by Company. Response to this RFP does not guarantee any Responder a contract nor does it commit

Company to any obligation to contract with a contractor/supplier. Company reserves the right to accept or reject any response to this RFP.

**1.4 Exceptions to RFP**

It is Company's intent to answer all Responders' questions completely so that all ambiguous issues are resolved prior to the due date so the Responder can provide a submittal without exceptions. However, if the Responder must take exception or provide a clarification, the Responder must include a list of any exception taken to the required information or concerns outlined in this RFP. Exceptions must refer to specific paragraphs. Responders are cautioned that Company in its sole discretion may or may not accept any exceptions taken.

**1.5 Purpose of RFP – Long Term Intentions**

The principal purpose of this RFP is to find interested firms that have the qualifications, experience and availability to provide turn-key engineering and construction services. However, the Company also desires to obtain a competitive proposal from which Company and the winning Respondent can negotiate and enter into a service agreement to operate and maintain the refueling station.

**1.6 Information Being Requested**

Company will evaluate the RFP responses collectively and individually to determine the Responder's qualifications and the competitiveness of each Respondent's proposal.

**1.7 Confidentiality**

The information contained herein and this project are to be considered proprietary and confidential information and may not be communicated in whole or in part to any person except employees of the Respondent with a need to know in order to prepare a response to the RFP. Respondent must execute and return within three days of receiving this RFP the Confidentiality Agreement attached as Exhibit 1.

**2.0 DESCRIPTION OF PROJECT**

**2.1 General Description.**

See Exhibit 2.

**2.2 Environmental Considerations.**

Peoples Gas' Division Street site is located on the site of a former manufactured gas plant. It has been extensively remediated but may contain subsurface contamination related to the former manufactured gas plant at a level below 3 ½ feet. The site remains subject to monitoring and possible testing as may be required by the United States Environmental Protection Agency. In designing the facility and planning the work, Respondent needs to address whether protective measures, if any, should be taken by any individual coming on to or performing work, whether additional costs will be incurred particularly if facilities such as footings are to be installed at or below 3 ½ feet below grade, and that the

Respondent should seek the advice of a professional consultant regarding these matters.

### **3.0 INSTRUCTIONS FOR RESPONDING TO THE RFP**

#### **3.1 Who May Respond**

Only those firms that have been selected by Company shall be allowed to respond. Respondent shall send an email to confirm its willingness to respond to the RFP. Company may require Respondent, **if necessary**, to meet with or participate in a teleconference with the Project Evaluation Committee for a formal RFP response presentation.

#### **3.2 RFP Response Contact**

All communications are to be sent via email to: or via the address below. Respondents to this RFP shall designate a single point of contact for receipt of all subsequent information.

Commercial Contact:  
Attn: Larry Wolden, Manager, Contract Administration  
LWWolden@integrysgroup.com  
920/433-1200  
Supply Chain Services  
700 N. Adams Street  
Green Bay, WI 54307

Technical Contact:  
Attn: Mike Wyrick, Gas Engineer  
MSWyrick@peoplesgasdelivery.com  
773-395-7472

#### **3.3 RFP – Submittal Information**

The following outline will assist in the development of individual responses for the Company. This outline contains the minimum information to be included in the RFP response.

##### **3.3.1 Company History and Technical Qualifications**

- **Firm Profile:** Include a brief company description including a date founded, history, size, product portfolio, and locations. Also include an explanation of why the Firm or team is the best qualified to perform services associated with the Projects. Identify any other firm qualifications relevant to the proposed work.
- **Firm Qualifications:** State how the proposing firm's individual experience and/or technical business expertise will enhance the success of Integrys Energy Group through successful project design and engineering services. Include education and experience that is relevant to the proposed typical project work.

- **Previous Experience:** Describe the proposing firm's experience in performing CNG station build and associated project design work, engineering studies and other engineering support consulting services. Also, provide experience in building and permitting of CNG refueling stations in the City of Chicago and projects subject to federal grants and related reporting and compliance.

**3.3.2 Firm Information:**

- Name
- Parent Company
- Primary Contact Name (includes phone numbers, e-mail address)
- Experience
- Address
- Phone
- Fax

**3.3.3 Current Projects:**

- Type
- Scope of Work
- Timeline for completion

**3.3.4 Similar CNG and Engineering Consultation Projects:**

- Name of Project(s)
- Contact Person (includes name, phone number)

**3.4 Distribution of RFP Responses**

Responses to this RFP will be available to the Project Evaluation Committee and will be treated as confidential information.

**4.0 RESPONSE REVIEW PROCESS AND SCHEDULE**

**4.1 RFP Evaluation**

The evaluation criteria used by the Project Evaluation Committee will include the following.

- Submitted RFP Responses
- RFP Response Presentations
- Price
- Experience
- Ability to meet requirements

**4.2 Schedule**

Below is the anticipated timeline for the RFP and RFP process for the above described scope of work. Company reserves the right to modify this timeline in order to meet Company requirements.

<b>Description</b>	<b>Key Dates</b>
RFP to Selected Bidders	June 9, 2011

Pre-bid Meeting 1:00 pm CST at Division Street 1241 W Division St Chicago, IL 60642 Contact Mike Wyrick 773/395-7472	June 17, 2011
RFP Responses due	June 22, 2011
Bid Evaluation Complete / Award Notice	June 29, 2011
Contract Negotiation Complete; Contract Execution	July 15, 2011
Project Work Begins	August 1, 2011
Project Work Complete	December 20, 2011

**4.3 Clarifications to RFP Responses**

To fully comprehend the information contained within a response to this RFP, the Project Evaluation Committee may seek further clarification on that response. The clarification will be requested of the Responder in the form of an e-mail with a response back in the form of an e-mail.

## **MUTUAL CONFIDENTIALITY AGREEMENT**

Integrus Business Support LLC, having a place of business at 130 E. Randolph, Chicago, Illinois for itself and its Affiliates, as defined below, (“Integrus”) and [INSERT COUNTER PARTY], having a place of business at [INSERT COUNTERPARTY LOCATION], for itself and its Affiliates (“Company”) (collectively, the “Parties” and each, a “Party”), enter into this Mutual Confidentiality Agreement, (“Agreement”) as of [DATE, MONTH, YEAR], (the “Effective Date”).

**WHEREAS**, the Parties intend to enter, or have entered, into discussions regarding a possible, actual or existing business relationship (the “Purpose”) and intend to disclose, or have disclosed, to each other information, which may include Confidential Information, as defined herein.

**NOW THEREFORE**, in consideration of the mutual promises the Parties are making to each other herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Confidential Information.** For purposes of this Agreement, “Confidential Information” means: all information or data disclosed by or on behalf of either Party (the “Disclosing Party”) to the other Party (the “Recipient”) pursuant to this Agreement and in connection with the Purpose, including, but not limited to, pricing, business plans, specifications, designs, drawings, data, financial information, product information, software, prototypes, customer information or other business and/or technical information, and all copies and derivatives containing such Confidential Information, in any form or medium, tangible or intangible, communicated in writing, orally, or through visual observation. Confidential Information that is in tangible form shall be subject to this Agreement only if it is clearly identified as confidential or proprietary when disclosed to the Recipient. Confidential Information not in tangible form shall be subject to this Agreement only if its proprietary nature is first announced, and then reduced to writing and furnished to the Recipient within fifteen (15) days of the initial disclosure.

2. **Employees and Advisors.** The terms “Disclosing Party” and “Recipient” include each Party’s respective directors, officers, and employees, (collectively, “Employees”), and Affiliates that disclose to, or receive Confidential Information from, the other Party under this Agreement. For purposes of this

Agreement, the term “Affiliates” means any entity that now or in the future, directly or indirectly, controls, is controlled with or by, or is under common control with a Party. A Party may also disclose the other Party’s Confidential Information to its Employees, consultants, contractors, accountants and attorneys (collectively, “Advisors”), with a need to know, provided that the Parties agree to bind their Advisors to terms at least as restrictive as those contained in this Agreement, advise them of their obligations and indemnify the Disclosing Party for any breach of those obligations by such Advisors.

3. **Use of Confidential Information.** Each Party acknowledges the value of the other’s Confidential Information and agrees to protect Confidential Information from disclosure to others, using the same degree of care used to protect its own confidential or proprietary information and in any case a degree of care equal to or greater than generally accepted industry standards. The Parties each further agree:

(a) to use the Confidential Information only in connection with the Purpose;

(b) to restrict disclosure of the Confidential Information to its Employees, Advisors and Affiliates, with a “need to know” (a person has a “need to know” when that person requires the Confidential Information to perform his or her responsibilities in connection with the Purpose); and

(c) not to disclose the Confidential Information to any third party without the Disclosing Party’s prior written consent, except as otherwise provided in this Agreement.

4. **Exceptions.** The obligations of the preceding paragraph 3 shall not apply to any Confidential Information which:

(a) was independently developed by or for the Recipient without reference to the Confidential Information; or

(b) was in the Recipient’s possession before execution of this Agreement, provided that the source of such information, to Recipient’s knowledge, was not bound by an obligation of confidentiality regarding such information; or

(c) is or becomes generally available to the public

through no fault of, or without violation of any duty of confidentiality of, the Recipient; or

(d) is received from a third party without, to the knowledge of the Recipient, violation of a duty of confidentiality; or

(e) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization; or

(f) is required to be disclosed in response to a valid order or requirement of a court, authorized agency of government, law, regulation, or other legal process, including, but not limited to, any state or federal energy regulatory agency or commission, but only to the extent and for the purposes of such required disclosure. The Recipient agrees to give the Disclosing Party prompt notice of any such demand for disclosure, where legally permissible to do so, and further agrees to reasonably cooperate with the Disclosing Party's efforts to secure an appropriate protective order.

5. **Breach.** The Parties agree that any breach or threatened breach of any provision of this Agreement may cause the Disclosing Party irreparable harm for which it may have no adequate remedy at law. The Parties further agree that in such case, in addition to any other rights and remedies available to it, the Disclosing Party shall be entitled to seek injunctive or any other equitable relief available to remedy or prevent any breach or threatened breach of this Agreement. Any cost or expenses incurred by the prevailing Party to enforce this Agreement (including attorney's fees, expert witness fees, and costs and expenses of investigation and litigation) shall be borne by the other Party, and the Recipient shall indemnify, hold harmless and reimburse upon demand Disclosing Party for all costs expenses, losses, damages, claims, suits and proceedings arising out of such actual or threatened breach. In the event that the Disclosing Party seeks injunctive relief under this Par. 5, the Recipient agrees to waive any bond requirement which may otherwise apply to such a proceeding.

6. **No Commitment.** Neither the execution of this Agreement nor the disclosure of Confidential Information by the Parties shall constitute or imply any commitment, promise, or inducement to make any purchase or sale or to enter into any additional agreement of any kind.

7. **No Exclusivity.** The Parties may conduct similar discussions or perform similar work to the Purpose contemplated herein with and for other Parties, provided that those discussions or work do not violate

this Agreement.

8. **No Intellectual Property Rights/No Warranties.** No patent, copyright, trademark, trade secret, or other intellectual proprietary right is licensed, granted or otherwise transferred by execution of this Agreement or by disclosure of any Confidential Information hereunder. **THE DISCLOSING PARTY HEREBY DISCLAIMS ALL WARRANTIES REGARDING THE CONFIDENTIAL INFORMATION, INCLUDING ALL WARRANTIES WITH RESPECT TO INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS AND ALL WARRANTIES AS TO THE ACCURACY OR UTILITY OF SUCH CONFIDENTIAL INFORMATION.**

9. **Term and Termination.** This Agreement applies to Confidential Information the Parties disclose to one another beginning on the Effective Date. Either Party may terminate this Agreement at any time upon thirty (30) days written notice to the other. Each of the Parties shall have the obligation of confidentiality until the later of two (2) years from the date of (i) termination of this Agreement or (ii) termination or expiration of any agreement that references, incorporates or is otherwise subject to the confidentiality provisions of this Agreement, unless the Parties mutually agree in writing to maintain the confidentiality for a longer period of time.

10. **Return of Confidential Information.** The Parties shall consider all Confidential Information the property of the Disclosing Party. If the Disclosing Party requests in writing, the Recipient shall promptly either return all Confidential Information (or any designated portion thereof), including all copies, to the Disclosing Party or destroy such Confidential Information and provide the Disclosing Party written certification of such destruction upon request.

11. **Assignment.** Neither Party may assign or otherwise transfer this Agreement without the prior written consent of the other; provided, however, that either Party may assign or transfer this Agreement to its Affiliates, successors-in-interest, or an entity that acquires direct or indirect control of substantially all of the assets of that Party upon written notice to, but without the consent of, the other Party. Any assignment in violation of this paragraph shall be void. This Agreement shall be binding upon the Parties' respective successors and permitted assigns.

12. **Severability.** If any provision of this Agreement shall be held invalid or unenforceable, that provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which, so far as possible, achieves the Parties' original intent. The remaining provisions of this Agreement

shall continue in full force and effect.

13. **Authority.** Each Party warrants that it has authority to enter into this Agreement.

14. **Entire Agreement.** This Agreement represents the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings relating to the subject matter of this Agreement.

15. **Amendment.** The provisions of this Agreement may not be modified, amended, or waived, except by a written instrument signed by both of the Parties.

16. **No Waiver.** Failure of either of the Parties to enforce any provision, right or remedy under this Agreement shall not constitute a waiver of such provision, right or remedy.

17. **Compliance with Law.** This Agreement and performance hereunder shall be governed by the laws of the State of Illinois, excluding its conflicts of law provisions. The Parties shall comply with all applicable laws, including export laws and regulations of the United States with respect to technical data, if any, received under this Agreement.

18. **Execution.** Each Party agrees that a facsimile of its signature printed by a receiving fax machine may be regarded as an original signature and that this Agreement may be executed in counterparts.

19. **Notice.** All notices demands and other communications required or permitted to be given under this Agreement shall be in writing and transmitted by certified United States Mail or other recognized courier guaranteeing delivery to the Parties at the following respective addresses:

If to INTEGRYS:

IntegrYS Business Support, LLC  
Attn: Vice President, Legal Services  
130 E. Randolph, 19<sup>th</sup> Fl.  
Chicago, Illinois 60601

If to ***[INSERT COUNTERPARTY]***

***[INSERT COUNTERPARTY INFO]***

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date set forth above.

INTEGRYS BUSINESS SUPPORT, LLC

*[INSERT COUNTER PARTY]*

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit 2

### Fuel Station Requirements

The following list of requirements indicates the minimum acceptable fueling station as well as several optional features that should be priced. The proposal should be for fixed-price, turnkey service.

Where the Respondent believes that best practices dictate a design that exceeds the level of the minimum requirements listed here, the Respondent should propose per best practices and clearly indicate the changed requirement. If possible the respondent should also include the cost impact of the change.

The Respondent should indicate the manufacturer and model of all major equipment. All equipment and materials used in the proposal should be new except where indicated to the contrary in the requirements below.

<b>Minimum Requirements</b>	
Fueling Island	Island with drive-through access and raised curbs. Sufficient space for two dual-hose dispensers. A site layout drawing is attached showing approximate size and layout of dispenser island.
Dispenser	One (1) Dual-hose, Dual-pressure (3000 and 3600 psig) dispenser allowing fueling at both pressures on either side of fueling island. Piping to support addition of a second identical dispenser in the future. One card-reader system; preferably integrated into the dispenser but we are open to a stand-alone card reader.
Compressor package	One (1) compressor with at least 150 BHP electric motors including necessary electrical components (motor starter, controls, transformer, etc.) designed for a minimum of 289 scfm at 20 psig inlet, +/- 10%. Weather-proof enclosure with steel deck. Sound-attenuated enclosure to 78 dB at 10 feet. Gas connection for a portable compressor package as a backup means of compression (Company to supply portable compressor)
Dryer	Single-tower with regeneration.
Storage	A minimum of 100 DGE of available storage @ 4500 psig using ASME storage vessels.
Time-fill Integration	Integrate existing field of 30 time-fill posts at site. Time-fill posts will be metered as a unit but separately from the fast-fill dispenser(s). Supplier is responsible for connection and integration of the existing posts but should not include adding or modifying any time-fill posts.
Priority and ESD Controls	Pneumatic Priority Panel with Emergency Shutdown Devices and controls. Integration of time-fill field with fast-fill dispensers.
Existing compressor	A 50 HP compressor exists at the site to serve the Company's time-fill posts. Respondent shall include the cost of disconnection the existing compressor and integrating the new compressor package to serve the time-fill field.

<b>Minimum Requirements</b>	
Site Work	Respondent's scope of work will include all concrete work, curb cuts, and relocation or replacement of fencing. Details of the site work will be provided at the pre-bid conference.
Design	Supplier will be responsible for generating the detailed design drawings and specifications, which Company will review and approve. Supplier will be responsible for project management.
Permitting	Permitting will be the responsibility of Respondent. Company will provide support as required but any fees or other costs will be the responsibility of Respondent. Respondent will follow all City ordinances and permitting requirements including landscaping, building, CDOT and zoning requirements.
Procurement	Respondent will procure all material and equipment required for the fuel station.
Installation	All installation activities will be the responsibility of Respondent, including site preparation
Start-up and Commissioning	Startup and commissioning and training onsite will be included in Respondent's proposal.
Scheduling	The fueling station is funded in part with a federal grant obtained by Company. The grant requires that the station be complete by December 20, 2011. Supplier and Company will agree on liquidated damages that will apply in the event the fueling station is not commissioned on time. Propose a project schedule that meets Company's schedule requirements assuming contract execution July 1, 2011.
Labor and Wages	All employees of Respondent and any employees of subcontractors retained by Respondent performing work on this project shall be paid in accordance with Davis-Bacon rates. Provision of work by Respondent shall be subject to equal employment requirements in accordance with American Recovery and Reinvestment Act of 2009 (ARRA). For purposes of this proposal Respondent should assume that all labor used to perform work at the project site will be union labor.
Buy American	All iron, steel, and manufactured goods used in this project should comply with the Buy American requirements of ARRA.
<b>Optional Features</b>	
Additional increments of 10,000 cubic ft of ASME storage vessels.	
Pipe sizing to accommodate replacing existing 50 hp compressor with a second identical 150 BHP compressor.	
Electrical connection for portable standby generation capable of powering 50 hp compressor.	
Additional sound attenuation.	
Procurement and installation of additional time-fill posts.	
Compressor sizing at 200 BHP and estimated gas flow rate.	
Dryer sized for an additional 150 BHP of compression capacity.	
Lighted canopy with Company logo and color scheme [TBD].	
Lighted electronically addressable fuel price display visible from the street.	
<b>O&amp;M Plan</b>	
Please include a proposal for operations and maintenance support. Company will provided limited onsite support for simple activities such as resetting breaker trips but Respondent will be responsible for all planned and unplanned maintenance and repair. In addition to maintenance and repairs, Respondent will provide 24-hour monitoring and fault detection	

<b>Minimum Requirements</b>
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and the ability to remotely assist fueling customers.
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### Site Layout



**Data Request: DAS-24.02**

Regarding the attachment to the Companies' response to Staff DR DAS-23.03(c), please provide the following information:

- a. Please provide the referenced workpapers listed in the "Workpaper Summary."
- b. Why does the date referenced in the attachment indicate that the credit was received on 9/14/2012 and the Companies response to Staff DR DAS 22.02(e) indicates that the credit was received on 9/27/2012?
- c. Were the Change Orders request of 3/21/2012 related to work that was pending or already completed or both?
- d. Why does the attachment indicate that the final payment to Pinnacle was made on 6/13/2012 but the Project Change Request approving payment to Pinnacle for the change orders was not signed until 7/19/2012.

**Response:**

- a. North Shore and Peoples Gas will make the workpapers available through a secure, external FTP site upon request of the Staff.
- b. The 9/14/2012 date referenced in the attachment is the date that documentation supporting Peoples Gas' request for the refunds was prepared. The credit was applied to Peoples Gas on September 27, 2012. Please see the attachment.
- c. Yes, based on Pinnacle's Summary of Change Orders Through 3/21/12, the work was already completed.
- d. The Project Change Request is an internal form used to support closure of the project which includes a recalculation of all the costs of the project. The actual final payment was made on June 13, 2012.

**PEOPLES GAS**  
NATURAL GAS DELIVERY

130 East Randolph Drive  
Chicago, IL 60601-6207  
www.peoplesgasdelivery.com

May 27, 2011

VIA US MAIL AND ELECTRONIC MAIL TO: JHARGER@CLEANENERGYFUELS.COM

James Harger  
Chief Marketing Officer  
Clean Energy  
3020 Old Ranch Parkway  
Suite 400  
Seal Beach, CA 90740

Re: Termination of Negotiations Concerning Installation of Compressed Natural Gas Facility

Dear Mr. Harger:

This letter is a follow-up to the telephone call I made yesterday on behalf of The Peoples Gas Light and Coke Company ("Peoples Gas") notifying Clean Energy that Peoples Gas has decided to terminate negotiations with Clean Energy concerning a compressed natural gas fueling station at Peoples Gas' Division Street location. This letter is to memorialize that discussion and assure a smooth transition from the negotiations.

First, Clean Energy and Peoples Gas had been negotiating three agreements: 1) Compressed Natural Gas Vehicle Fueling Station License; 2) Compressed Natural Gas Vehicle Fueling Station and CNG Compression Services Agreement, and 3) Access Agreement. As Clean Energy and Peoples Gas never came to terms on any of the agreements, Peoples Gas has decided to discontinue any further discussion or negotiation.

Second, the proposed CNG refueling station and related vehicle retrofitting was to be partially funded by an \$848,000 US Department of Energy Grant for the Chicago Area Alternative Fuels Development Project. By letter dated January 7, 2011, enclosed as Exhibit A, Peoples Gas offered to assign the grant to Clean Energy contingent upon, amongst other conditions, Peoples Gas and Clean Energy entering the above described agreements in items 1 and 2 by about February 7, 2011. The letter further states that if Peoples Gas and Clean Energy did not execute the agreements described above by February 28, 2011, Clean Energy would cooperate with Integrys Energy Group and Peoples Gas in reversing the assignment. Enclosed as Exhibit B is a letter to terminate the grant assignment that Peoples Gas requests Clean Energy execute and return to Peoples Gas for transmittal to the City of Chicago. This would include the \$156,000 for the vehicle conversion kits as Clean Energy has not paid funds from the grant to Auto Truck, the vendor that purchased the kits from Clean Energy's subsidiary, BAT.

Please contact Theodore Lenart, Manager, Special Projects Administration at 773-395-7430 or [TJLenart@peoplesgasdelivery.com](mailto:TJLenart@peoplesgasdelivery.com) or Timothy Walsh, Senior Counsel at 312-240-4454 or [tpwalsh@integrysgroup.com](mailto:tpwalsh@integrysgroup.com) with any questions and to coordinate the grant assignment.

Sincerely,



William E. Morrow  
Vice President, Integrys Business Support  
On Behalf of:  
The Peoples Gas Light and Coke Company

Encl.

cc: Jodi Caro  
Dennis Derricks  
Willard Evans  
Theodore Lenart  
Mark Radtke  
Michael Reed  
Laurence Starosta  
Timothy Walsh

Exhibit A

January 7, 2011, Letter Concerning the US Department of Energy Grant for the Chicago Area  
Alternative Fuels Development Project

[Document to follow]



VIA ELECTRONIC MAIL to: [jharger@cleanenergyfuels.com](mailto:jharger@cleanenergyfuels.com)

January 7, 2011

James Harger  
Chief Marketing Officer  
Clean Energy 3020 Old Ranch Parkway  
Suite 400  
Seal Beach, CA 90740

Re: **LETTER AGREEMENT:** IntegrYS Energy Group, Inc. / Clean Energy Agreement Concerning the CNG Fueling Station and CNG Conversion Kit Project Partially Funded by the City of Chicago Dept. of Environment Chicago Area Alternative Fuels Deployment Project

Mr. Harger:

Pursuant to the recent discussions between IntegrYS Energy Group, Inc. ("IntegrYS") and Clean Energy, the two parties have reached an agreement, in principal, under which IntegrYS, on behalf of itself and its subsidiary, The Peoples Gas Light and Coke Company ("PGL"), will be assigning \$848,000 awarded to it by the US Department of Energy ("DOE") Grant for the Chicago Area Alternative Fuels Deployment Project, to Clean Energy in return for Clean Energy's agreement to:

- (i) assume the role of overall project management and grant reporting required by the City of Chicago and/or DOE;
- (ii) design, construct and operate a compressed natural gas ("CNG") fueling station located at 1134 N. Elston Avenue, Chicago, Illinois, meeting the minimum requirement as detailed in Exhibit A, Scope of Work, Section 2 of the GTI Sub Awardee Agreement; and
- (iii) pay \$156,000, upon demand, to Auto Truck, the vendor installing CNG conversion kits into vans purchased by PGL.

Both parties acknowledge the necessity for a more comprehensive agreement governing the construction and ongoing maintenance of the Elston Avenue CNG facility by Clean Energy, including land use rights granted by PGL to Clean Energy (the "CNG Filling Station Agreement"), and both parties agree to negotiate in good faith and make commercially reasonable efforts to enter into the CNG Filling Station Agreement within the next 30 days.

In order to ensure the timely flow of grant money to Clean Energy, IntegrYS will request The City of Chicago to assign its \$848,000 award to Clean Energy, upon or immediately after the execution of this Letter Agreement, and prior to the parties executing the CNG Filling Station Agreement. The parties further agree, however, that IntegrYS' assignment of the grant funds is contingent upon the successful completion and execution of the CNG Filling Station Agreement, and if for any reason, the parties have not executed a CNG Filling Station Agreement on or before February 28, 2011, Clean Energy will

cooperate with Integrys to reverse the assignment (unless both parties agree to extend the CNG Filling Station Agreement deadline).

PGL will request Auto Truck to issue an invoice directly to Clean Energy in the amount of \$156,000, which Clean Energy will pay in a timely fashion, using a portion of the assigned grant funds. PGL will be responsible to pay Auto Truck for any additional invoiced charges associated with the conversion kits, above the \$156,000. If the parties fail to execute a CNG Filling Station Agreement and thereby reverse the DOE grant assignment, PGL will reimburse Clean Energy the \$156,000 it paid to Auto Truck, unless the parties agree on alternate arrangements.

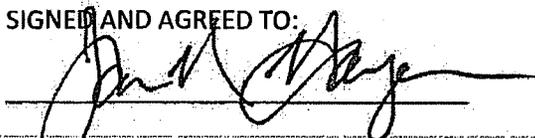
If this Letter Agreement accurately describes the principal agreement reached between the parties, please acknowledge Clean Energy's commitment to the terms herein contained by executing below. If you have any questions about this Letter Agreement, please contact me directly.

Sincerely,



Michael M. Reed  
Staff Counsel  
Integrys Energy Group, Inc.  
312.240.4081  
[mmreed@integrysgroup.com](mailto:mmreed@integrysgroup.com)

SIGNED AND AGREED TO:



James Harger

cc: T. Lennart  
L. Starosta  
T. Walsh

Exhibit B

Form of Letter to Terminate the Grant Assignment

[Document to follow]

May 27, 2011

Suzanne Malec-McKenna  
Commissioner  
City of Chicago, Department of Environment  
30 N. LaSalle St., 2nd Floor  
Chicago, IL 60602

Re: City of Chicago, Department of Environment's Chicago Area Alternative Fuels Deployment  
Project

Dear Ms. Malec-McKenna,

By letter dated January 12, 2011, from Mr. Willard S. Evans, Jr., President, The Peoples Gas Light and Coke Company ("Peoples Gas") to you, Peoples Gas assigned to Clean Energy its existing scope of work and all related project funding, \$848,000, awarded by the US Department of Energy grant for Chicago Area Alternative Fuel Deployment Project (the "Grant"). Peoples Gas and Clean Energy have decided to terminate negotiations concerning the arrangement contemplated in that letter. As a result, Clean Energy requests that the Grant be reassigned back to Peoples Gas from Clean Energy.

If you have any questions regarding our commitment, please contact me at 562-493-2804 X223.

Sincerely,

James Harger  
Chief Marketing Officer  
Clean Energy

cc: Ted Lenart, Special Project Manager – Peoples Gas  
Timothy Walsh, Senior Counsel – Peoples Gas  
Ted Barnes, P.E. – GTI

**Data Request: DAS 20.01**

Regarding the Summary Memo provided as Attachment 11 in response to Staff DR DLH-12.01 in Docket No. 14-0225, please provide the following information.

- a. Provide the complete audit and workpapers for which the provided memo was a summary.
- b. Please identify the “retiring buyer” referred to on page 2 of the memo.
- c. Please identify the “late-hire buyer” referred to on page 2 of the memo.
- d. Please identify the “late-starting project manger” referred to on page 2 of the memo.
- e. Please identify the “technical manger” referred to on page 2 of the memo.
- f. Provide the complete “Affiliate Marketer Rules #2012-1008” audit and workpapers.

**Response:**

- a. Please see the attachment. North Shore and Peoples Gas will make arrangements for Staff to review the workpapers in the Commission's Springfield office or through electronic means such as an ftp site.
- b. Larry Wolden.
- c. Kenneth Jackson
- d. Jeffery Kreuger
- e. Michael Wyrick
- f. Please see the attachment. North Shore and Peoples Gas will make arrangements for Staff to review the workpapers in the Commission's Springfield office or through electronic means such as an ftp site.



Internal Audit Services  
Summary Memo

To: Robert A. Brunner, Philip M. Hayes, Willard S. Evans, Jr.  
From: Leticia Verastegui *LV*  
Cc: Jim Westgate *JW*, Polly Eldringhoff, Kevin Naughton *KN*  
Date: February 4, 2013  
Re: PGL CNG Fueling Station Construction Project

**Introduction**

The observations reported here result from work performed for the audit of "Affiliate Marketer Rules (#2012-1008), which concluded that there was no preferential treatment between The Peoples Gas Light and Coke Company ("PGL") and North Shore Gas Company ("NSG") (collectively referred to as the "Utilities") and its non-regulated affiliated interests.

Our review included transactions related to the PGL Compressed Natural Gas ("CNG") Station ("Project"). PGL entered into a contract with Pinnacle CNG Systems, LLC (the "Contractor"), an independent external vendor prior to its acquisition by Integritys Energy Group, Inc. in 2011, for the installation of a CNG fueling station at PGL's Division Street site. During the course of our review, we identified several observations based on both available documentation and inquiry of the parties involved.

**Observations**

- Late Inclusion of Supply Chain and Project Services – Supply Chain and Project Services were not initially included in Project planning. This resulted in the appropriate procurement policies and project management tools not being utilized at the initial stages of the project implementation. Once involved, Project Services and Supply Chain tried to control the procurement process and construction as best as possible under the strained circumstances. We believe the following would help elevate awareness for PGL leadership and all PGL employees:
  - Reminders outlining the importance of involving Supply Chain before contacting potential contractors and suppliers for work with PGL.
  - Training related to the proper procurement and requisitioning methods.
  - Training to ensure timely involvement of Project Services (immediately on any potential project >\$500,000) and effective use of appropriate project management tools.
- Finalization of Vendor Pricing – We found discrepancies with the documentation prepared and maintained to support the final pricing of bid components for the Contractor.
  - The cost analysis between the competing bidders reflected adjustments to the Contractor's un-priced items using the pricing submitted by Dual Fuel Systems, Inc.
  - According to the change to the purchase order ("PO"), processed in July of 2012, a final price was not determined with the bidder for these un-priced line items, instead an "allowance" made for the un-priced line items.

We believe up-front confirmation of price adjustments to the Contractor's bid proposal would have been preferable to ensure understanding between both parties. Supply Chain noted that this is part of their regular practice.

- Contract Compliance - The contract stipulated submission of a "Schedule of Values" to PGL if the PO provided for progress payments. The PO provided for progress payments but this was not a "Time and Materials" contract.
  - Based on inquiry, we determined that there was confusion on the price adjustments made to the Contractor's bid proposal and this hindered the compilation of a Schedule of Values.
  - Extensive post-construction accounting analysis was required to unitize the assets related to the Project.

We believe earlier collaboration between the Project Managers and Plant Accounting personnel in 2011 would have alleviated the additional work efforts required by Plant Accounting in 2012. From interviews, it appears the required documentation was not available due to implementation of the Integrys computer system at Pinnacle offices in Midland Texas.

- Change Orders - During the course of construction, PGL, Project Services or Supply Chain Services did not maintain documentation supporting the approval of change orders.
  - Based on further inquiry and additional testing, we determined that the Contractor maintained the detailed support.
  - We believe PGL, Project Services, or Supply Chain Services should have retained documented support for approved change orders during the course of construction. PGL did not maintain and Pinnacle did not transmit the required documentation and change order requests during construction even after attempts by Project Services to secure this information.
  - Project Services obtained further cost details after completion of construction, which required further unanticipated analyses by the Project Manager, Supply Chain, the Contractor and Accounting. Accounting's additional work ultimately resulted in a credit adjustment to PGL for \$163,723 (September 2012), after the final payment to the Contractor in June 2012.

### Conclusion

Based on our review, we concluded that the documentation discrepancies were not significant enough to hinder or prevent completion of the Project.

We believe some of the documentation discrepancies may have resulted from late inclusion of Supply Chain and Project Services, a retiring buyer's inadequate transition or hand-off to a new-hire buyer and a misunderstanding of the responsibilities between the late-starting Project Manager and the Technical Manager. The narrow window for substantial completion of the Project also did not allow time to establish documentation standards specific to this contract. Although these observations are based on review of only one construction contract, our inquiries suggest that PGL Leadership, Supply Chain Services and Project Services management should re-emphasize existing policies/procedures with their staff.

**Data Request: DAS 14.09**

The Companies' response to Staff DR Docket No. 12-0299 DAS-7.02(f) states as follows: "The Peoples Gas employees and IBS employees making the award decision were not aware of nor influenced by the Pinnacle acquisition."

Regarding this response, please provide the following information:

- a. Identify the individuals by name indicated as those "making the award decision." Indicate title, position, department and whether each individual was a Peoples Gas or IBS employee.
- b. Identify the individuals by name indicated as those "personnel working on the Peoples Gas/Pinnacle contract." Indicate whether each individual was a Peoples Gas or IBS employee.
- c. State whether any persons determining the bid list were aware of the Pinnacle acquisition.
- d. How many total employees did Pinnacle have at the time of the merger broken down by department?
- e. Identify by name all Pinnacle employees that worked on the merger.
- f. Identify by name all Pinnacle employees that worked on the Peoples Gas/Pinnacle contract.
- g. Identify by name the individual(s) that made the decision to send out the RFP.
- h. Identify the individual(s) that made the decision to award the contract to Pinnacle.
- i. Were the people in the bid list group involved in the award decision process? If not, please explain why not.
- j. Provide all written communications that Mr. Calvin had regarding CNG from April 2011-August 30.

**Response:**

- a. Charles Schrock, Chairman, President and CEO at the time of the decision and currently Chairman and CEO, reviewed and approved the award. Mr. Schrock is an Integrys Business Support employee.
- b. Kenneth Jackson, Supply Chain (Category Manager), Integrys Business Support; Larry Wolden (retired, former Supply Chain, Integrys Business Support employee), Michael Wyrick (see Mr. Wyrick's direct testimony in Docket 12-0299); Timothy Walsh (Senior Counsel, Legal and Governance Services, Integrys Business Support).
- c. Based on information from persons involved with the acquisition, persons working on and aware of the acquisition were not involved in developing the bid list.
- d. At the time of the acquisition, Pinnacle had 13 employees. Board/leadership (1); Board (1); Manufacturing and Leadership (1); Operations and Maintenance (4); IT (1); Manufacturing (4); Manufacturing Support (1). Based on information and belief, there were also 4 temporary employees.
- e. No Pinnacle employees worked on the merger. Pinnacle was owned by Wagner & Brown, and Integrys worked with Wagner & Brown employees to negotiate the transaction.
- f. David Diggins (retired)
- g. The following finalized the RFP before being issued: Edward Calvin, Laurence Starosta (retired), Larry Wolden (Retired), and Michael Wyrick.
- h. Please see the response to (a).

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- i. The award team included Mr. Starosta and Mr. Wyrick from the RFP group. The award team was comprised of Peoples Gas employees and IBS employees as stakeholders with direct involvement with PGL and the project (fleet services and supply chain).
- j. Please see the attachment.

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**Data Request: DAS 10.19**

The Companies response to Staff DR Docket No. 12-0299 DAS-7.02f states as follows:

“The Peoples Gas employees and IBS employees making the award decision were not aware of nor influenced by the Pinnacle acquisition.”

Regarding this response, please provide the following information:

- a. What is the basis of this response? Please provide documentation which supports this statement.
- b. When did these employees first become aware of the acquisition?

**Response:**

- a. Personnel working on Integrys' acquisition of Pinnacle and Trillium were not the same personnel working on the contract between Peoples Gas and Pinnacle. For merger and acquisition matters, Integrys controls the group that may have access to information about a potential transaction. Attached is the tracking list of persons with access to the transaction data room. Also attached is a transaction timeline prepared by a person heavily involved in the negotiations.
- b. Some personnel working on the Peoples Gas/Pinnacle contract became aware of the potential acquisition two to three days prior to the announcement. Others became aware only upon the announcement.

### Add/Remove User's Group Membership

Add more rows if needed

	Name of Group	Individual Needing Change		Action	
		Name (Last, First M)	Login ID	Add	Remove
1	PL_TUNGSTEN_F	Radtke, Mark	MRADTKE	X	
2	PL_TUNGSTEN_F	Engebos, Bonnye	BENGEBO	X	
3	PL_TUNGSTEN_F	Zwiers, Michael R.	MZWIERS	X	
4	PL_TUNGSTEN_F	Calvin, Edward	ECALVIN1	X	
5	PL_TUNGSTEN_F	Koontz, Charles	CKOONTZ	X	
6	PL_TUNGSTEN_F	Caro, Jodi	JCARO	X	
7	PL_TUNGSTEN_F	Napoe, Tchapo	TNAPOE	X	
8	PL_TUNGSTEN_F	Wilde, John	JWILDE	X	
9	PL_TUNGSTEN_F	Cleary, Noreen	NCLEARY	X	
10	PL_TUNGSTEN_F	Nalepka, David	DNALEPK	X	
11	PL_TUNGSTEN_F	Metcalfe, Mark W.	MMETCAL	X	
12	PL_TUNGSTEN_F	Kopling, Julie L.	JKOPLIN	X	
13	PL_TUNGSTEN_F	Jackson, Sandra B.	SJACKSO	X	
14	PL_TUNGSTEN_F	Kissinger, Mark E.	MKISSIN	X	
15	PL_TUNGSTEN_F	Pennington, Samantha D.	SPENNIN1	X	
16	PL_TUNGSTEN_F	Allen, Dane E.	DALLEN	X	
17	PL_TUNGSTEN_F	Reed, Michael M.	MREED	X	
18	PL_TUNGSTEN_F	Conger, Hanna M.	HCONGER	X	
19	PL_TUNGSTEN_F	Guc, William J.	WGUC1	X	
20	PL_TUNGSTEN_F	Ford, Diane L.	DFORD	X	
21	PL_TUNGSTEN_F	Wolf, Barth J.	BWOLF	X	
22	PL_TUNGSTEN_F	Van Den Elzen, Patricia	PVANDE2	X	
23	PL_TUNGSTEN_F	Van Straten, Lori F.	LVANSTR	X	
24	PL_TUNGSTEN_F	Lower, Gregory C.	GLOWER	X	
25	PL_TUNGSTEN_F	Michiels, Kim M.	KMICHIE	X	
26	PL_TUNGSTEN_F	Hurley, Sara	SHURLEY1	X	

27	PL_TUNGSTEN_F	Naughton, Kevin J.	KNAUGHT	X	
28	PL_TUNGSTEN_F	Eldringhoff, Polly M.	PELDRIN	X	
29	PL_TUNGSTEN_F	Schultz, Brett D.	BSCHULT	X	
30	PL_TUNGSTEN_F	Brkovich, Jill E.	JBRKOVI	X	
31	PL_TUNGSTEN_F	Brant, Tina	TBRANT	X	
32	PL_TUNGSTEN_F	Maas, Scott J.	SMAAS	X	
33					
34					
35	PL_TUNGSTEN_R	Dewey LeBoeuf	DEWEY01	X	
36	PL_TUNGSTEN_R	Dewey LeBoeuf	DEWEY02	X	

**Comments:**

PL\_TUNGSTEN\_F should have full rights and see all sub folders under object id 23136312. PL\_TUNGSTEN\_R should have read only rights under object ID 23136312 and its subfolders. External access will be required for our consultant Dewey LeBoeuf and I have created two generic id's and passwords.

**These groups should only see this folder (and its subfolders); the remainder of the EDR should not be viewable to these groups.**

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**Data Request: DAS-15.02**

DAS-15.02 Regarding the Companies' response to Staff DR DAS-10.17, please provide the following information:

- a. Provide the final project cost for each project listed.
- b. Explain why the data shows that Trillium did not receive an RFP for the CNG station construction.
- c. Identify the individual that wrote the specs for the CNG station construction RFP.
- d. Identify the individual that ordered the RFP for the CNG construction contract sent.
- e. Identify the individual that approved the contract between Pinnacle and Peoples Gas.
- f. Identify the Peoples Gas officer that signed the contract between Pinnacle and Peoples Gas.
- g. Was there any communication between the bid list team and the RFP award team? If yes, describe that communication.
- h. Provide all written communication between the bid list team and the RFP award team.
- i. Was there any communication between Pinnacle and Peoples Gas or IBS regarding CNG vehicles or stations? If yes, describe that communication.
- j. Provide all written communication between Pinnacle and Peoples Gas or IBS regarding CNG vehicles or stations.
- k. Was there any communication between Trillium and Peoples Gas or IBS regarding CNG vehicles or stations? If yes, describe that communication.
- l. Provide all written communication between Trillium and Peoples Gas or IBS regarding CNG vehicles or stations.
- m. Was there any communication between Integrys Energy Group and Pinnacle regarding CNG vehicles or stations other than for the purpose of acquisition? If yes, describe that communication.
- n. Provide all written communication between Integrys Energy Group and Pinnacle regarding CNG vehicles or stations other than for the purpose of acquisition.
- o. Was there any communication between Integrys Energy Group and Trillium regarding CNG vehicles or stations other than for the purpose of acquisition? If yes, describe that communication.
- p. Provide all written communication between Integrys Energy Group and Trillium regarding CNG vehicles or stations other than for the purpose of acquisition.

**Response:**

a. North Shore and Peoples Gas object to this request as overly burdensome and seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence. Without waiving that objection, North Shore and Peoples Gas state: Please see the response to Staff data request DAS 1.04 in Docket No. 12-0299 for the amount paid to Pinnacle, which was not an affiliated interest at the time of the contract between Peoples Gas and Pinnacle but subsequently became an affiliated interest. No other contractor in the response to Staff data request DAS 10.17 is or was an affiliated interest of North Shore or Peoples Gas.

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- b. Please see the response to Staff data request DAS 15.01. Based on information and belief, Trillium received an invitation to bid. Trillium was invited to the pre-bid meeting. Trillium declined because the station was small and outside its footprint at that time.
- c. Larry Starosta, Edward Calvin, and Mike Wyrick prepared most of the RFP.
- d. Mr. Calvin requested that Supply Chain send out the RFP to the bidders.
- e. Please see the response to Staff data request DAS 14.09. Charles Schrock, Chairman, President and CEO at the time of the decision and currently Chairman and CEO, was aware of and, informed by the recommendations of those involved in the award process, approved the contract.
- f. Kenneth Jackson, Senior Buyer, signed the contract (please see the response to Staff data request RWB 1.03 in Docket No. 12-0299 for a copy of the contract). Mr. Jackson is not an officer.
- g. Overlap existed between the group that developed the bid list and the group that reviewed and made recommendations concerning the award of a contract. As to personnel who were not common to the two groups, it would not be unusual for these two groups to communicate although the company cannot recall specific communications.
- h. North Shore and Peoples Gas object to this request as overly burdensome and seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.
- i. Pinnacle constructed a CNG fueling station for Peoples Gas under a contract provided in the response to Staff data request RWB 1.03. Pinnacle and Peoples Gas and Pinnacle and IBS would have had communications about the construction of that station. To the extent the question seeks a description of any communications whatsoever concerning anything related to CNG vehicles and stations, North Shore and Peoples Gas object to this request as overly burdensome and seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.
- j. North Shore and Peoples Gas object to this request as overly burdensome and seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.
- k. Trillium has provided no services to Peoples Gas or to IBS concerning CNG vehicles or stations. Trillium was invited to bid on the construction and invited to a pre-bid meeting. Although Trillium declined, there would have been communications concerning that process. To the extent the question seeks a description of any communications whatsoever concerning anything related to CNG vehicles and stations, North Shore and Peoples Gas object to this request as overly burdensome.
- l. Please see the response to subpart (k).
- m. North Shore and Peoples Gas object to this request as overly burdensome and seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence. Without waiving this objection, North Shore and Peoples Gas state that Integrys Energy Group, Inc. is a public utility holding company with no employees. This company does not own any CNG vehicles or CNG fueling stations. Prior to the acquisition, discussions with Integrys were limited to the acquisition. Subsequent to the acquisition, discussions included CNG topics. However, no

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agreements exist between Integrys Energy Group, Inc. and Integrys Transportation Fuels and its subsidiaries, other than affiliated interest agreements to which they are parties.

- n. Please see the response to subpart (m).
- o. Please see the response to subpart (m).
- p. Please see the response to subpart (m).

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CONFIDENTIAL INFORMATION REDACTED

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**Data Request: DAS 10.18**

The Companies' response to Staff DR Docket No. 12-0512 DAS-8.02 a. and c. state as follows:

"The specialized nature of a CNG design/build contract limits the number of potential bidders and ability to solicit many potential bidders. The bid list was made from previous potential suppliers for CNG related work (Dual Fuels) and input from the project team members with knowledge of similar sized commercial stations. There are no documented procedural steps used during the creation of the bid list.

The names, titles, and entities of individuals [employees that provided the list of suppliers in this process] are as follows:

Bob Johnson, Manager Special Projects Fields Services, Peoples Gas

Mike Wyrick, Project & Design Engineer, Peoples Gas (now employed by ITF)

Ted Calvin, Vice President – Manufacturing Engineering, Integrys (now employed by ITF)

Larry Starosta – Retired – Integrys Business Support."

Regarding these responses, please provide the following information:

- a. Did Mr. Wyrick receive an increase in pay from this move?
- b. Did Mr. Wyrick receive a promotion from this move?
- c. Did Mr. Calvin receive an increase in pay from this move?
- d. Did Mr. Calvin receive a promotion from this move?

**Response:**

- a. 
- b. 
- c. 
- d. 

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**Data Request: DAS 7.02**

The Companies responses to Staff DR DAS-6.03a states as follows:

“Peoples Gas and North Shore believe transactions not exempt under the Commission's rules at 83 Ill. Admin. Code Part 310 require prior Commission approval. The dollar limit in that rule is \$500. That rule also includes a bidding procedure that may apply to certain transactions.”  
Regarding this response, please provide the following information:

- a. Would anything have changed in the RFP process with Pinnacle if it became an affiliate prior to the signing of the Pinnacle / Peoples Gas contract?
- b. Would Peoples Gas have pursued the same construction process?
- c. Please provide documentation of IBS Supply Chain Services understanding of and compliance with Admin. Code Section 310.70 and its applicability to Peoples Gas and North Shore Gas.
- d. Provide a list of all RFPs won by affiliates in the past 5 years.
- e. Provide all “15-day statements” provided to the Commission by Peoples Gas or North Shore Gas in the past 5 years.
- f. Did Peoples Gas, its agents or affiliates take any measures to expedite the RFP process to get it completed and a contract signed before the September 1, 2011 acquisition of Pinnacle by ITF?
- g. Did Peoples Gas, its agents or affiliates decelerate or postpone the acquisition of Pinnacle by ITF to allow the Pinnacle contract to be signed before September 1, 2011?
- h. What motivated Peoples Gas, its agents or affiliates to begin the RFP process more than 11 months after the GTI / City Agreement outlining the funding of the station? If GTI contacted Peoples Gas, please provide documentation to support this.

**Response:**

- a. Peoples Gas and North Shore object to the request as it calls for speculation. Without waiving that objection, Peoples Gas and North Shore state as follows: The RFP process may have been unaffected. However, if an affiliated company submitted the winning bid and the bidding procedures provided in 83 Ill. Admin. Code Part 310 had not applied to the process, then Peoples Gas would have filed for Commission approval of any agreement between it an affiliated interest, and a condition precedent to the effectiveness of such an agreement would have been prior Commission approval.
- b. Peoples Gas and North Shore object to the request as it calls for speculation. Without waiving that objection, Peoples Gas and North Shore state as follows: Please see the response to subpart (a). To the extent construction was dependent upon an agreement requiring prior Commission approval, construction would not have commenced prior to such approval.
- c. IBS's Supply Chain Services does not have a procedure for 83 Ill. Admin. Code Part 310. The requirements for the competitive bidding process are set forth in the Commission's rules.

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By their terms, 83 Ill. Admin. Code Secs. 310.60 and 310.70 apply to public utilities. North Shore and Peoples Gas are public utilities.

d. None.

e. Peoples Gas and North Shore object to the request as the phrase "15-day statements" is vague and undefined. Without waiving that objection, Peoples Gas and North Shore state as follows: If "15-day statements" refers to the statement described in 83 Ill. Admin. Code Sec. 310.70(f), the answer is none.

f. No. Efforts to complete the RFP process were in response to the upcoming deadline set forth in the grant agreement. The Peoples Gas employees and IBS employees making the award decision were not aware of nor influenced by the Pinnacle acquisition.

g. No. Please see the response to subpart (f).

h. Peoples Gas spent much of the 11 months deciding how best to proceed with the grant. It engaged in discussions with another non-affiliated entity to take assignment of the grant and potentially build the station. Those discussions were difficult, and the parties did not reach agreement; Peoples Gas ultimately decided that it would build the station. As part of those discussions, Peoples Gas assigned the grant to the other entity. Some delay resulted from Peoples Gas getting the grant re-assigned to it.

**Data Request: DAS-23.03**

DAS-22.01 Regarding the Companies' response to Staff DR DAS-21.03 states, "For the audit, Internal Audit Services identified a transaction within our scope period that warranted additional review. Internal Audit Services assessed the bidding documentation retained for the CNG station contract and reported its observations in the supplemental memo (attachment to the response to DAS-20.01(a))." Regarding this response, please provide the following information:

- a. Was this transaction that occurred within the scope period related to the CNG project?
- b. Was this identified transaction listed in the audit? If yes, provide citation in the audit.
- c. Did the supplemental memo ever consider whether Peoples Gas or IBS favored Pinnacle relative to Dual Fuels? If yes, provide documentation of that consideration and any conclusions reached.
- d. Did Internal Audit Services ever consider whether Peoples Gas or IBS favored Pinnacle relative to Dual Fuels? If yes, provide documentation of that consideration and any conclusions reached. If not, explain why that issue was not considered by Internal Audit Services.

**Response:**

- a. Yes, the transaction that occurred within the scope of the audit period related to the CNG project.
- b. Yes, the identified transaction was listed in the audit. Please see the attached workpaper.
- c. Yes, the work performed that resulted in the supplemental memo did consider whether Peoples Gas or IBS favored Pinnacle relative to Dual Fuels. Refer to attachment D4.3.0 for a summary of internal audit's observations.
- d. Yes, the work performed by Internal Audit Services did consider whether Peoples Gas or IBS favored Pinnacle relative to Dual Fuels. Please see the attachment provided in the response to subpart (c).

**INTERNAL AUDIT SERVICES SUMMARY  
2012-1008 ICC AFFILIATE TRANSACTION COMPLIANCE  
ITF TRANSACTIONS**

WORKPAPER SUMMARY	
D4.3.0	Observation Summary
D4.3.1	Contract and Signatures
D4.3.2	Purchase Order
D4.3.3	Exhibit A to Purchase Order (Item Matrix)
D4.3.4	Request for Proposal, Bid Submission Extension
D4.3.5	Proposal - Dual Fuel, Proposal - Pinnacle, Bid Evaluation, WO Authorization
D4.3.6	Pinnacle Invoices retrieved from PeopleSoft
D4.3.7	Change Order Summary (letter from Drew Diggins), Sue Buck email responses
D4.3.8	Accounting Reconciliation (3/27/12), Accounting Reconciliation (08/24/12) FINAL
D4.3.9	Accounting Final Adjustment Support
D4.3.10	Grant Information
D4.3.11	PowerPlant data
D4.3.12	Wyrick email responses to questions related to change orders
D4.3.13	PeopleSoft Approvals
D4.3.14	Change Order Support for sampled items

**BACKGROUND**

Integrys (actually the shell entity, Peoples Energy) entered into a purchase agreement to acquire two operating businesses involved in the compressed natural gas (CNG) fueling business, Pinnacle CNG Systems and Trillium USA on August 31 with an effective date of September 1, 2011.

Currently, Trillium CNG is the trade name that combines Pinnacle CNG Systems and Trillium USA. Within the organization, Trillium CNG falls under the umbrella of Integrys Transportation Fuels (ITF). ITF is "doing business as" (dba) Trillium CNG. ITF provides CNG fueling solutions through Trillium CNG and manufactures the Pinnacle line of hydraulic intensifier compressors. The company has primary offices in Green Bay, Wis.; Chicago, Ill.; Salt Lake City, Utah; and Midland, Texas. Integrys Transportation Fuels, LLC, is a subsidiary of Integrys Energy Group, Inc. (NYSE: TEG).

**AUDIT PURPOSE**

Since ICC Code 550 rules applicable to affiliated interests (examples are 550.40, 550.50) would apply to Integrys Transportation Fuels (ITF), we performed a review of ITF transactions between PGL/NSG (the utilities within the scope of our audit review) for the period from 9/1/2011 through 12/31/2011 (the period applicable to our audit).

**APPLICABLE TRANSACTIONS**

We identified two payment transactions to Pinnacle during 2011 associated with a contract executed on August 30, 2011. Due to the timing of the contract and the acquisition, we performed additional testing to determine if any preferential treatment had been given to Pinnacle, an affiliated interest at the time of the payments.

**INTERNAL AUDIT SERVICES SUMMARY**  
**2012-1008 ICC AFFILIATE TRANSACTION COMPLIANCE**  
**ITF TRANSACTIONS**

**AUDIT CONCLUSION**

Based on our review, we believe there was no preferential treatment.

However, we did note instances of procedural lapses and insufficient documentation.

- Insufficient documentation maintained to support the vendors selected for the Request for Proposal (RFP) - We found insufficient documentation supporting the vendors selected for the RFP. The RFP for the PGL CNG Station was submitted to three vendors, Dual Fuel, Pinnacle and Trillium. However, only two of these vendors submitted bid proposals. Through inquiry, we were able to determine that these vendors were the best choices after negotiation with a previous vendor ended. In this instance, we believe additional support to explain the rationale for the vendors selected to receive the RFP should have been maintained. Per discussion with Bob Brunner on January 10, 2013, there are no standards for documenting the selection of vendors for RFPs; that the buyer generally maintains such information within email streams.
- No evidence that the competing bidder was allowed to counter after the cost analysis for vendor selection was adjusted to reflect Pinnacle's un-priced items with pricing submitted by the competing vendor.
- Insufficient documentation maintained by Project Services or Supply Chain for the change orders or additional costs incurred during construction.
- Project Services took action to obtain further cost details after construction was completed, however, this resulted in more work, additional errors and further Accounting analyses ultimately resulting in a credit adjustment (September 2012) after final payment (June 2012) was made.
- The contract stipulated that the contractor would submit a "Schedule of Values" to the Company if the Purchase Order (PO) provided for progress payments. No evidence of a "Schedule of Values" was maintained by Project Services or Supply Chain.
- The PO did not include a breakdown of the costs representing the total PO amount of \$1,052,080.

We also noted documentation discrepancies with the selection of Pinnacle. For instance,

- Cost analysis did not reflect the \$100,000 (later changed to \$88,000 in Pinnacle's revised proposal) proposed by Pinnacle for security work. The cost analysis used the competing bidder's amount of \$36,500.
- The documented rationale indicated that the project was for a firm lump-sum price, but the contract with Pinnacle allowed for a margin and change orders.

**TESTING PERFORMED**

Our review was based on discussions with various parties involved in some aspect of the project, including, but not limited to:

- Brett Schultz, Supervisor, Corporate Accounting & Consolidations (IBS);
- Ken Jackson, Contract Buyer (IBS);
- Jeff Krueger, Project Manager 2 (IBS);

## INTERNAL AUDIT SERVICES SUMMARY 2012-1008 ICC AFFILIATE TRANSACTION COMPLIANCE ITF TRANSACTIONS

- Michael Wyrick, Project & Design Engineer (previously PGL, now ITF);
- Sue Buck (previously Pinnacle, now ITF);
- Timothy Walsh, Senior Counsel (IBS);
- Frank Niemi, Senior Accountant (IBS),
- Sue Ascher, Accounting Specialist
- Drew Diggins, VP-Prod Dvlpmt & Engrg
- Paul Baird, Mgr Property Acctg-IBS
- Edward Calvin, VP - Manufacturing Engrg-ITF

All, except for Tim Walsh, asserted no knowledge of the plans to acquire Pinnacle. Tim noted that anyone aware of the acquisition plans was not directly related to the Project and was under rules of confidentiality. We also reviewed the relevant documentation maintained within the workpapers and performed other tests, as considered necessary (See WPs in D4.3).

### BIDDING

Vendor selection for bidding was limited to three bidders: Trillium, Pinnacle and Dual Fuel (Trillium was a no-bid). Documentation supporting the selection of vendors for the RFP could not be located at the time of our review.

Note that there was a Letter of Intent with another vendor, Clear Energy, prior to the RFP. Time passed, negotiations did not result in an agreement to move forward and further work with Clear Energy was then cancelled. Due to an impending grant deadline, vendor selection was critical so that work could start and end within the stipulated timeframe.

While documentation supporting the bidding and bid acceptance processes was not adequately maintained by IBS Supply Chain Services, we were able to obtain a document from the Project Manager, Jeff Krueger that summarizes the rationale for acceptance (dated 7/26/11). There are discrepancies with this document as well. For instance, it states, "Firm Lump-Sum Price." We believe the lack of documentation by IBS Supply Chain Services can be attributed to a faulty transition/handoff from a seasoned employee to a newer employee. The buyer primarily involved in the bidding and purchase order processes, Ken Jackson, began working for IBS in March 2011 while the buyer initially assigned to this project (and listed as the Commercial Contact in the RFP) retired in January 2012.

### CONTRACT

The contract between PGL and PINNACLE did not specify an agreed-upon amount based on the Pinnacle proposal. Rather, it referenced the Purchase Order (PO) for the contractual price. However, the PO price did not agree to the original amount provided on the Pinnacle proposal.

The contract allows for a margin (but a percentage is not specified within the contract) and allows for change orders. The contract also specified that a "Schedule of Values" be provided, but there was none prepared.

## INTERNAL AUDIT SERVICES SUMMARY 2012-1008 ICC AFFILIATE TRANSACTION COMPLIANCE ITF TRANSACTIONS

Pinnacle's proposal amount was adjusted upwards to reflect the pricing of the competing bidder where Pinnacle did not (could not) include an amount for specific line items. After Pinnacle's amount was adjusted upward, it exceeded the competing bidder's proposal amount. There is no documentation to support that the competing bidder was allowed to counter.

### PURCHASE ORDER

The contract does not specify a total amount but does reference the PO. The PO states the total amount but does not include a breakdown of costs. The contract specifies that a Schedule of Values will be prepared but there is none.

### PROJECT MANAGEMENT

There was little clarity regarding who would manage what.

For example, the Project Services' Project Manager, Jeff Krueger, would generally have been responsible for managing the project's schedule and costs, while the Technical or Construction Manager (Mike Wyrick, PGL) would provide the hands-on oversight in the field. For this project, the Technical Manager did provide oversight but the actual construction manager was Jimmy Butts (a former Pinnacle employee, now an ITF employee) who provided on-site project management, based on his expertise with other Pinnacle installations.

Project Services did not obtain the "Schedule of Values" from the Contractor, as stipulated by the Contract and PO. A Schedule of Values is a breakdown of the estimated costs that should have been used to determine percentage completion. It is also generally used to facilitate the allocation of costs for asset unitization, as documented within PowerPlant. Note that a project was established in PowerPlant in June 2011 but no "Schedule of Values" was provided at that time (as is the usual case for smaller projects).

### CHANGE ORDERS

In addition, control over change orders during the course of construction was not maintained by IBS Project Services or IBS Supply Chain Services. Support for change order costs, however, was maintained by ITF.

However, in this instance, the Technical Manager was approving change orders verbally on-site. In addition, Jimmy Butts (a former Pinnacle employee, now ITF) also provided on-site oversight and approval, based on his expertise with other Pinnacle installations. Mike felt that this approach was reasonable because time was of the essence, due to deadlines established under a separate grant. We also re-emphasize here that Pinnacle was an affiliate during the time of construction and that under terms of the contract, hands-on oversight was to be provided by Pinnacle.

### PAYMENTS TO PINNACLE

**INTERNAL AUDIT SERVICES SUMMARY  
2012-1008 ICC AFFILIATE TRANSACTION COMPLIANCE  
ITF TRANSACTIONS**

Note that PGL's total payout to Pinnacle initially exceeded the total Purchase Order Amount (\$1,052,080) by about 31%.

PAYMENT DESCRIPTION	AMOUNT	DATE
25% of Total PO price	263,020	10/14/2011
Percentage Completion Payment	571,925	12/14/2011
Final Payment	<u>540,264</u>	6/13/2012
Total Paid:	1,375,209	31% over
Less Refunded Amount:	<u>163,723</u>	
	1,211,486	15% over

In March 2012, the Project Manager requested Pinnacle provide details for the additional costs. Details were provided in a letter prepared by Pinnacle's Drew Diggins, now ITF VP, Product Development and Engineering). After the original final payment was made on June 13, 2012, further analysis was performed by personnel in Accounting to discern the actual costs associated with the change orders. Accounting analyses resulted in an adjustment of \$163,273, credited to PGL on September 14, 2012. The credit adjustment resulted in a 15% overage.

We obtained evidence supporting the approved Purchase Order costs from ITF Contract Administrator, Susan Buck and a timeline of events from the PGL Technical Contact, Michael Wyrick. Support for change order costs is maintained by ITF.

**PEOPLESOFT APPROVALS**

Ken Jackson provided documentation supporting approvals for the purchase order and the related change order on Peoplesoft (See WP D4.3.13).

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket Nos. 12-0273 and 13-0612 (cons.)

Page 1 of 1

**Data Request: DAS 10.19**

The Companies response to Staff DR Docket No. 12-0299 DAS-7.02f states as follows:

“The Peoples Gas employees and IBS employees making the award decision were not aware of nor influenced by the Pinnacle acquisition.”

Regarding this response, please provide the following information:

- a. What is the basis of this response? Please provide documentation which supports this statement.
- b. When did these employees first become aware of the acquisition?

**Response:**

- a. Personnel working on Integrys' acquisition of Pinnacle and Trillium were not the same personnel working on the contract between Peoples Gas and Pinnacle. For merger and acquisition matters, Integrys controls the group that may have access to information about a potential transaction. Attached is the tracking list of persons with access to the transaction data room. Also attached is a transaction timeline prepared by a person heavily involved in the negotiations.
- b. Some personnel working on the Peoples Gas/Pinnacle contract became aware of the potential acquisition two to three days prior to the announcement. Others became aware only upon the announcement.

### Add/Remove User's Group Membership

Add more rows if needed

	Name of Group	Individual Needing Change		Action	
		Name (Last, First M)	Login ID	Add	Remove
1	PL_TUNGSTEN_F	Radtke, Mark	MRADTKE	X	
2	PL_TUNGSTEN_F	Engebos, Bonnye	BENGEBO	X	
3	PL_TUNGSTEN_F	Zwiers, Michael R.	MZWIERS	X	
4	PL_TUNGSTEN_F	Calvin, Edward	ECALVIN1	X	
5	PL_TUNGSTEN_F	Koontz, Charles	CKOONTZ	X	
6	PL_TUNGSTEN_F	Caro, Jodi	JCARO	X	
7	PL_TUNGSTEN_F	Napoe, Tchapo	TNAPOE	X	
8	PL_TUNGSTEN_F	Wilde, John	JWILDE	X	
9	PL_TUNGSTEN_F	Cleary, Noreen	NCLEARY	X	
10	PL_TUNGSTEN_F	Nalepka, David	DNALEPK	X	
11	PL_TUNGSTEN_F	Metcalf, Mark W.	MMETCAL	X	
12	PL_TUNGSTEN_F	Kopling, Julie L.	JKOPLIN	X	
13	PL_TUNGSTEN_F	Jackson, Sandra B.	SJACKSO	X	
14	PL_TUNGSTEN_F	Kissinger, Mark E.	MKISSIN	X	
15	PL_TUNGSTEN_F	Pennington, Samantha D.	SPENNIN1	X	
16	PL_TUNGSTEN_F	Allen, Dane E.	DALLEN	X	
17	PL_TUNGSTEN_F	Reed, Michael M.	MREED	X	
18	PL_TUNGSTEN_F	Conger, Hanna M.	HCONGER	X	
19	PL_TUNGSTEN_F	Guc, William J.	WGUC1	X	
20	PL_TUNGSTEN_F	Ford, Diane L.	DFORD	X	
21	PL_TUNGSTEN_F	Wolf, Barth J.	BWOLF	X	
22	PL_TUNGSTEN_F	Van Den Elzen, Patricia	PVANDE2	X	
23	PL_TUNGSTEN_F	Van Straten, Lori F.	LVANSTR	X	
24	PL_TUNGSTEN_F	Lower, Gregory C.	GLOWER	X	
25	PL_TUNGSTEN_F	Michiels, Kim M.	KMICHIE	X	
26	PL_TUNGSTEN_F	Hurley, Sara	SHURLEY1	X	

27	PL_TUNGSTEN_F	Naughton, Kevin J.	KNAUGHT	X	
28	PL_TUNGSTEN_F	Eldringhoff, Polly M.	PELDRIN	X	
29	PL_TUNGSTEN_F	Schultz, Brett D.	BSCHULT	X	
30	PL_TUNGSTEN_F	Brkovich, Jill E.	JBRKOVI	X	
31	PL_TUNGSTEN_F	Brant, Tina	TBRANT	X	
32	PL_TUNGSTEN_F	Maas, Scott J.	SMAAS	X	
33					
34					
35	PL_TUNGSTEN_R	Dewey LeBoeuf	DEWEY01	X	
36	PL_TUNGSTEN_R	Dewey LeBoeuf	DEWEY02	X	

**Comments:**

PL\_TUNGSTEN\_F should have full rights and see all sub folders under object id 23136312. PL\_TUNGSTEN\_R should have read only rights under object ID 23136312 and its subfolders. External access will be required for our consultant Dewey LeBoeuf and I have created two generic id's and passwords.

**These groups should only see this folder (and its subfolders); the remainder of the EDR should not be viewable to these groups.**

### **Data Request: DAS-18.01**

DAS-18.01 Regarding the individuals that made up the following groups referred to in the Companies' responses to discovery in this case related to either the acquisition of Pinnacle or its RFP and construction contract, please provide the name, title, entity, the approximate date each individual became aware of the acquisition and the approximate date each individual became aware of the Pinnacle construction contract. To the extent that some information has already been provided or that certain individuals belong to multiple groups listed, provide all information in each instance.

a. Those individuals that provided the list of suppliers to which the station RFP was sent. (Docket Nos. 12-0511/0512 (cons.) DAS-8.02)

b. The names and other information listed above for those persons referred to as "the Peoples Gas employees and IBS employees making the award decision [that] were not aware of nor influenced by the Pinnacle acquisition." (Docket No. 12-0299 DAS-7.02f).

c. The names and other information listed above for those persons referred to as, "[p]ersonnel working on Integrys' acquisition of Pinnacle and Trillium." (DAS-10.19a)

d. The names and other information listed above for those persons referred to as "personnel working on the contract between Peoples Gas and Pinnacle." (DAS-10.19a)

e. The names and other information listed above for those persons referred to as "personnel working on the Peoples Gas/Pinnacle contract [that] became aware of the potential acquisition two to three days prior to the announcement." (DAS-10.19b)

f. The names and other information listed above for those persons referred to as "[o]thers [who] became aware only upon the announcement." (DAS-10.19b)

g. The names and other information listed above for those persons referred to as "[p]ersons involved with the acquisition?" (DAS-14.09c)

h. The names and other information listed above for those persons referred to as "persons working on and aware of the acquisition." (DAS-14.09c)

i. The names and other information listed above for those persons referred to as those "involved in developing the bid list." (DAS-14.09c)

j. The names and other information listed above for those persons referred to as "the group that developed the bid list. (DAS-15.02g)

k. The names and other information listed above for those persons referred to as "[t]he group that reviewed and made recommendations concerning the award of a contract." (DAS-15.02g)

l. The names and other information listed above for those persons "involved in the day-to-day negotiations of that acquisition." (DAS-16.02a)

m. The names and other information listed above for those persons "involved in the day-to-day events surrounding the award of a CNG station construction contract" (DAS-16.02a)

n. The project sponsor(s).

o. The project manager(s).

**Response:**

a. The response to DAS 8.02(c), in Docket Nos. 12-0511/12-0512 (cons.) identified the following four individuals: Bob Johnson (*sic*, correct surname is Johnsen), Mike Wyrick, Edward Calvin, and Larry Starosta.

Mr. Johnsen was involved with discussions about the facility location. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

b. The individuals involved with the award recommendation were Larry Wolden, Larry Starosta, Mike Wyrick, and Kenneth Jackson.

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Jackson became involved in the station transaction in June 2011. He does not recall any involvement in the acquisition.

c. For the individuals identified in the response to Staff data request DAS 10.19:

The following are no longer with the company, and North Shore and Peoples Gas do not know the requested information: Ms. Engebos; Ms. Pennington; Mr. Reed; Ms. Conger; Ms. Ford; Mr. Wolf.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. Mr. Radtke was involved with the acquisition and negotiations began with a June 16, 2011 letter of intent.

Mr. Zwiers was not involved in the station transaction. Mr. Zwiers created the acquisition data room.

Mr. Calvin was aware of the acquisition discussions in their early phases. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011.

Mr. Koontz was aware of the acquisition discussions in their early phases. Mr. Koontz recalls being aware of the station discussions but not being involved with them. Mr. Koontz does not recall dates for these events.

Ms. Caro was aware of the acquisition discussions in their early phases. Ms. Caro was not involved in the station RFP or award process, but she was aware of the result of the award process.

Mr. Napoe was not involved in the station transaction but was aware that Pinnacle was a bidder or potential bidder in the summer 2011. He became aware of the acquisition discussions in late May or early June 2011.

Ms. Cleary had no involvement in the station project. Ms. Cleary became involved with the acquisition in June 2011.

Mr. Nalepka does not recall specific dates. For the CNG station, he was not involved with the decision regarding award of construction contract. He may have reviewed contract terms related to insurance requirements. For the acquisition, he first had access to the data room in July 2011 for purposes of insurance due diligence. He likely became aware of acquisition potential sometime very shortly before that.

Mr. Metcalf participated in the due diligence process for the acquisition and became aware of the project around June 2011. He was not involved in the process that resulted in Pinnacle being awarded the construction contract and was not aware of it until it was announced.

Ms. Koplting does not recall any involvement in the CNG station prior to early 2012. She became aware of the acquisition in August 2011.

Ms. Jackson does not recall the specific date when she became aware of the acquisition but believes it was close to the acquisition date. She was not involved in the station transaction.

Mr. Kissinger has no knowledge of the station transaction. He became aware of the acquisition in August 2011.

Mr. Allen was not involved with the station transaction. Mr. Allen became aware of the acquisition discussion in the summer of 2011.

Mr. Guc was aware of the process involving Pinnacle's bid to construct a CNG station for Peoples Gas, but he had no specific involvement in the project, including the evaluation of the bids or suppliers. Mr. Guc could not recall the approximate date when he became aware of the process. Mr. Guc became involved in due diligence and evaluation of the potential acquisition of Pinnacle and Trillium in late May or early June 2011.

Ms. Van Den Elzen was not involved with the station transaction. She became aware of the acquisition discussions in July 2011.

Ms. Van Straten was not involved with the process that resulted in Pinnacle being award the contract with Peoples Gas. She became aware of the acquisition discussions in the summer of 2011, perhaps July 2011.

Mr. Lower became aware of the station transaction when it was announced. He became aware of the acquisition when it was announced (September 1, 2011). Mr. Lower's access to the acquisition data room was after the announcement.

Ms. Michiels was not involved in the station transaction. She became involved with the acquisition in August 2011.

Ms. Hurley was not involved in the station transaction. She had data room access but was not involved in the acquisition.

Mr. Naughton was not involved in the station transaction. He does not recall the specific date he became aware of the acquisition but was not involved in due diligence or negotiations.

Ms. Eldringhoff was not involved in the station transaction and became aware of it after it was completed. Ms. Eldringhoff was not involved in the acquisition.

Mr. Schultz did not become aware of the acquisition until the day or so before the purchase date. He only received access to the acquisition data room subsequent to the acquisition to work on matters related to the acquisition. He was not involved in or become aware of the CNG station contract with Peoples Gas until after the transaction.

Ms. Brant was not involved in the station transaction until after the station became operational. She was not involved with the acquisition until after it was announced (September 1, 2011).

When it becomes available, North Shore and Peoples Gas will supplement this response for information for Mr. Wilde, Mr. Maas, and Ms. Brkovich.

d. Please see the response to Staff data request DAS 14.09(b):

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Jackson became involved in the station transaction in June 2011. He does not recall any involvement in the acquisition.

Mr. Walsh provided legal support to contract negotiations related to the station and knew about the negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Walsh became aware of the acquisition a few days before it was announced (September 1, 2011).

e. Please see the response to subpart (d) for Mr. Wyrick [Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).].

f. Please see the response to subpart (d) for Mr. Walsh [Mr. Walsh provided legal support to contract negotiations related to the station and knew about the negotiations with Pinnacle; the station RFP was issued in June 2011. Mr. Walsh became aware of the acquisition a few days before it was announced (September 1, 2011).].

g. Please see the response to subpart (c). North Shore and Peoples Gas do not have additional or different information for this subpart (g) than what is provided in subpart (c). The response to subpart (c) is not copied in this subpart.

h. Please see the response to subpart (c). North Shore and Peoples Gas do not have additional or different information for this subpart (h) than what is provided in subpart (c). The response to subpart (c) is not copied in this subpart.

i. Please see the response to subpart (a). North Shore and Peoples Gas do not have additional or different information for this subpart (j) than what is provided in subpart (a).

Mr. Johnsen was involved with discussions about the facility location. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

j. Please see the response to subpart (a). North Shore and Peoples Gas do not have additional or different information for this subpart (j) than what is provided in subpart (a).

Mr. Johnsen was involved with discussions about the facility location. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

k. Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Jackson became involved in the station transaction in June 2011. He does not recall any involvement in the acquisition.

l. Mr. Radtke led the acquisition negotiations. Messrs. Calvin and Koontz were involved in much, but not all, of the acquisition negotiation process.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. Mr. Radtke was involved with the acquisition and negotiations began with a June 16, 2011 letter of intent.

Mr. Calvin was aware of the acquisition discussions in their early phases. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011.

Mr. Koontz was aware of the acquisition discussions in their early phases. Mr. Koontz recalls being aware of the station discussions but not being involved with them. Mr. Koontz does not recall dates for these events.

m. Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (September 1, 2011).

Mr. Jackson became involved in the station transaction in June 2011. He does not recall any involvement in the acquisition.

n. Mr. Radtke.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. Mr. Radtke was involved with the acquisition and negotiations began with a June 16, 2011 letter of intent.

o. Jeff Krueger with support from Mr. Jackson and Mr. Wolden.

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011.

Mr. Jackson became involved in the station transaction in June 2011. He does not recall any involvement in the acquisition.

**Supplemental Response:**

With respect to the following responses, North Shore and Peoples Gas note the following dates:

- June 24, 2010, is the date of a Grant Agreement between the City of Chicago and the Institute of Gas Technology.
- April 17, 2011, was Integrys Energy Group, Inc.'s first meeting with the President of Wagner & Brown, Ltd. concerning the acquisition of Pinnacle CNG Systems and Trillium USA.
- June 9, 2011, is the CNG station RFP issuance date.
- June 16, 2011, is the date of a letter to Wagner & Brown, Ltd, with a proposal to acquire Pinnacle CNG Systems and Trillium USA.
- On September 1, 2011, Integrys Energy Group, Inc. announced the acquisition of two operating businesses involved in the compressed natural gas (CNG) fueling business, Pinnacle CNG Systems and Trillium USA, previously owned by Wagner & Brown, Ltd.
- September 21, 2011, is the date of a Sub-Awardee Agreement between the Institute of Gas Technology and Peoples Gas.

a. The response to DAS 8.02(c), in Docket Nos. 12-0511/12-0512 (cons.) identified the following four individuals: Bob Johnson (*sic*, correct surname is Johnsen), Mike Wyrick, Edward Calvin, and Larry Starosta.

Mr. Johnsen was involved with discussions about the facility location and was aware of the project from its inception but not involved beyond the facility location. He does not recall a specific date. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Calvin does not recall a specific date. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011, and was thus aware of the station project at some time prior to that date. Mr. Calvin does not recall a specific date.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Starosta became aware of the station project.

b. The individuals involved with the award recommendation were Larry Wolden, Larry Starosta, Mike Wyrick, and Kenneth Jackson.

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Wolden became aware of the station project.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Starosta became aware of the station project.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Jackson became involved in, and aware of, the station transaction in June 2011. He does not recall any involvement in the acquisition and cannot recall the date on which he became aware of the acquisition.

c. For the individuals identified in the response to Staff data request DAS 10.19:

The following are no longer with the company, and North Shore and Peoples Gas do not know the requested information: Ms. Engebos; Ms. Pennington; Mr. Reed; Ms. Conger; Ms. Ford; Mr. Wolf.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. These events, and his awareness of the events that led to the CNG station at Division Street, occurred in 2010 and 2011. He does not recall specific dates when he became aware of the contract award to Pinnacle. He does recall being involved in status reports concerning implementation of the Pinnacle

contract and, thus, being aware of Pinnacle's fulfillment of contract obligations. Mr. Radtke was involved with the acquisition from its inception. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011.

Mr. Zwiers was not involved in, or aware of, the station transaction. Mr. Zwiers created the acquisition data room in mid-2011.

Mr. Calvin was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Calvin does not recall a specific date. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011, and was thus aware of the station project at some time prior to that date. Mr. Calvin does not recall a specific date.

Mr. Koontz was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Koontz does not recall a specific date but believes it pre-dates Mr. Radtke's involvement in acquisition discussions. Mr. Koontz recalls being aware of the station discussions but not being involved with them. Mr. Koontz does not recall a specific date.

Ms. Caro was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Ms. Caro was not involved in the station RFP or award process, but she was aware of the result of the award process. Ms. Caro does not recall specific dates.

Mr. Napoe was not involved in the station transaction but was aware that Pinnacle was a bidder or potential bidder in the summer 2011. He became aware of the acquisition discussions in late May or early June 2011.

Ms. Cleary had no involvement in, or awareness of, the station project. Ms. Cleary became involved with, and aware of, the acquisition in early June 2011.

Mr. Nalepka does not recall specific dates. For the CNG station, he was not involved with the decision regarding award of construction contract. He may have reviewed contract terms related to insurance requirements. He does not recall a specific date when he became aware of the station project or when he may have reviewed contract terms. For the acquisition, he first had access to the data room in July 2011 for purposes of insurance due diligence. He likely became aware of acquisition potential sometime very shortly before that.

Mr. Metcalf participated in the due diligence process for the acquisition and became aware of the project around June 2011. He was not involved in the process that resulted in Pinnacle being awarded the construction contract and was not aware of it until it was announced.

Ms. Koplting does not recall any involvement in, or awareness of, the CNG station prior to early 2012. She became aware of the acquisition discussions in August 2011.

Ms. Jackson does not recall the specific date when she became aware of the acquisition but believes it was close to the acquisition date. (The company press release is dated September 1, 2011.) She was not involved in, or aware of, the station transaction.

Mr. Kissinger has no knowledge of the station transaction. He became aware of the acquisition discussions in August 2011.

Mr. Allen was not involved with, or aware of, the station transaction. Mr. Allen became aware of the acquisition discussions in the summer of 2011.

Mr. Guc was aware of the process involving Pinnacle's bid to construct a CNG station for Peoples Gas, but he had no specific involvement in the project, including the evaluation of the bids or suppliers. Mr. Guc does not recall the approximate date when he became aware of the process. Mr. Guc became aware of and involved in due diligence and evaluation of the potential acquisition of Pinnacle and Trillium in late May or early June 2011.

Ms. Van Den Elzen was not involved with, or aware of, the station transaction. She became aware of the acquisition discussions in July 2011.

Ms. Van Straten was not involved with the process that resulted in Pinnacle being awarded the contract with Peoples Gas and does not know a date when or if she became aware of it. She became aware of the acquisition discussions in the summer of 2011, perhaps July 2011.

Mr. Lower became aware of the station transaction when it was announced. He became aware of the acquisition when it was announced (the company press release is dated September 1, 2011). Mr. Lower's access to the acquisition data room was after the announcement.

Ms. Michiels was not involved in, or aware of, the station transaction. She became involved with, and aware of, the acquisition around August 2011.

Ms. Hurley was not involved in, or aware of, the station transaction. She had data room access but was not involved in, or aware of, the acquisition prior to its announcement (the company press release is dated September 1, 2011).

Mr. Naughton was not involved in, or aware of, the station transaction. He does not recall the specific date he became aware of the acquisition but was not involved in due diligence or negotiations.

Ms. Eldringhoff was not involved in the station transaction and became aware of it after it was completed. Ms. Eldringhoff was not involved in, or aware of, the acquisition prior to its announcement (the company press release is dated September 1, 2011).

Mr. Schultz did not become aware of the acquisition until the day or so before the purchase date. He only received access to the acquisition data room subsequent to the acquisition to work on matters related to the acquisition. He was not involved in, or aware of, the CNG station contract with Peoples Gas until after the transaction.

Ms. Brant was not involved in, or aware of, the station transaction until after the station became operational. She was not involved with, or aware of, the acquisition until after it was announced (the company press release is dated September 1, 2011).

Mr. Wilde became aware of the acquisition when he gained access to the data room, which would have been in mid-2011. Mr. Wilde was not involved in, or aware of, the station transaction until some time after its completion.

Mr. Maas became aware of the station transaction and the acquisition after these events occurred.

Ms. Brkovich was not involved in, or aware of, the station transaction. She was not involved with, or aware of, the acquisition until after it was announced (the company press release is dated September 1, 2011).

d. Please see the response to Staff data request DAS 14.09(b):

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Wolden became aware of the station project.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Jackson became involved in, and aware of, the station transaction in June 2011. He does not recall any involvement in the acquisition and cannot recall the date on which he became aware of the acquisition.

Mr. Walsh provided legal support to contract negotiations related to the station and knew about the negotiations with Pinnacle; the station RFP was issued in June 2011. Mr. Walsh became aware of the acquisition a few days before it was announced (the company press release is dated September 1, 2011).

e. Please see the response to subpart (d) for Mr. Wyrick [Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).].

f. Please see the response to subpart (d) for Mr. Walsh [Mr. Walsh provided legal support to contract negotiations related to the station and knew about the negotiations with Pinnacle; the station RFP was issued in June 2011. Mr. Walsh became aware of the acquisition a few days before it was announced (the company press release is dated September 1, 2011).].

g. Please see the response to subpart (c). North Shore and Peoples Gas do not have additional or different information for this subpart (g) than what is provided in subpart (c). The response to subpart (c) is not copied in this subpart.

h. Please see the response to subpart (c). North Shore and Peoples Gas do not have additional or different information for this subpart (h) than what is provided in subpart (c). The response to subpart (c) is not copied in this subpart.

i. Please see the response to subpart (a). North Shore and Peoples Gas do not have additional or different information for this subpart (j) than what is provided in subpart (a), the response to which is copied below.

Mr. Johnsen was involved with discussions about the facility location and was aware of the project from its inception but not involved beyond the facility location. He does not recall a specific date. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Calvin does not recall a specific date. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011, and was thus aware of the station project at some time prior to that date. Mr. Calvin does not recall a specific date.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Starosta became aware of the station project.

j. Please see the response to subpart (a). North Shore and Peoples Gas do not have additional or different information for this subpart (j) than what is provided in subpart (a), the response to which is copied below.

Mr. Johnsen was involved with discussions about the facility location and was aware of the project from its inception but not involved beyond the facility location. He does not recall a specific date. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Calvin was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Calvin does not recall a specific date. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011, and was thus aware of the station project at some time prior to that date. Mr. Calvin does not recall a specific date.

Mr. Starosta is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Starosta became aware of the station project.

k. Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Wolden became aware of the station project.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Jackson became involved in, and aware of, the station transaction in June 2011. He does not recall any involvement in the acquisition and cannot recall the date on which he became aware of the acquisition.

l. Mr. Radtke led the acquisition negotiations. Messrs. Calvin and Koontz were involved in much, but not all, of the acquisition negotiation process.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. These events, and his awareness of the events that led to the CNG station at Division Street, occurred in 2010 and 2011. He does not recall specific dates when he became aware of the contract award to Pinnacle. He does recall being involved in status reports concerning implementation of the Pinnacle contract and, thus, being aware of Pinnacle's fulfillment of contract obligations. Mr. Radtke was involved with the acquisition

from its inception. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011.

Mr. Calvin was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Calvin does not recall a specific date. Mr. Calvin was involved in scoping the station RFP, which was issued in June 2011, and was thus aware of the station project at some time prior to that date. Mr. Calvin does not recall a specific date.

Mr. Koontz was aware of the acquisition discussions in their early phases. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011. Mr. Koontz does not recall a specific date but believes it pre-dates Mr. Radtke's involvement in acquisition discussions. Mr. Koontz recalls being aware of the station discussions but not being involved with them. Mr. Koontz does not recall a specific date.

m. Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Wolden became aware of the station project.

Mr. Wyrick was involved with the station RFP and knew about negotiations with Pinnacle from their inception; the station RFP was issued in June 2011. He was not aware of the acquisition until on or about when it was announced (the company press release is dated September 1, 2011).

Mr. Jackson became involved in, and aware of, the station transaction in June 2011. He does not recall any involvement in the acquisition and cannot recall the date on which he became aware of the acquisition.

n. Mr. Radtke.

Mr. Radtke was not involved in the station transaction negotiations with Pinnacle although he was involved in prior matters related to the grant and prior contract matters associated with the station. These events, and his awareness of the events that led to the CNG station at Division Street, occurred in 2010 and 2011. He does not recall specific dates when he became aware of the contract award to Pinnacle. He does recall being involved in status reports concerning implementation of the Pinnacle contract and, thus, being aware of Pinnacle's fulfillment of contract obligations. Mr. Radtke was involved with the acquisition from its inception. Initial discussions occurred in April 2011 and a letter of intent concerning the acquisition is dated June 16, 2011.

o. Jeff Krueger with support from Mr. Jackson and Mr. Wolden.

Mr. Krueger became aware of the acquisition when it was announced (the company press release is dated September 1, 2011).

Mr. Wolden is retired and North Shore and Peoples Gas do not know when he became aware of the acquisition. He was involved with the station RFP and knew about negotiations with Pinnacle; the station RFP was issued in June 2011. North Shore and Peoples Gas do not know the specific date that Mr. Wolden became aware of the station project.

Mr. Jackson became involved in, and aware of, the station transaction in June 2011. He does not recall any involvement in the acquisition and cannot recall the date on which he became aware of the acquisition.

The Peoples Gas Light and Coke Company  
Docket No. 12-0299

Page 1 of 1

**Data Request: RWB 1.03**

Referring to Paragraph 6 of the Petition, please provide a copy of the existing executed agreement between Pinnacle CNG Systems, LLC (“Pinnacle”) and Peoples Gas.

**Response:**

Please see the attachments.



**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests DAS 11.01-11.04**  
**Dated: January 3, 2013**

**REQUEST NO. DAS 11.04:**

The Companies' witness Mr. Hoops' rebuttal testimony, regarding the competitiveness of the RFP, states as follows, "This project was competitively bid." (NS-PGL Ex. 28.0, p. 11) Additionally, Peoples Gas response to Staff DR DAS-10.01 provides internal supply chain documents. Regarding this testimony and responses, please provide the following information:

- a. A list of all construction project RFPs that Peoples Gas has sent out in 2010 through 2012.
- b. For all construction project RFPs that Peoples Gas has sent out in 2010 through 2012, the average number of firms that each RFP was sent to.
- c. For all construction project RFPs that Peoples Gas has sent out in 2010 through 2012, the average number of bids received.
- d. For both bids received, Dual Fuels and Pinnacle provide the actual supply chain docs as provided in the DAS 10.01a that were used internally by IBS to evaluate the bid and any competitive savings.
- e. Please define the term "competitive" as used in Mr. Hoops' testimony.
- f. Please provide Mr. Hoops' understanding of a "competitive" bid process.
- g. All other things being equal, does Mr. Hoops believe the bid process would become more "competitive" if more firms are sent the RFP?
- h. All other things being equal, does Mr. Hoops believe the bid process would become more "competitive" if more bids are received?

**RESPONSE:**

a. Integrys Business Support's ("IBS") Supply Chain Services manages requests for proposals ("RFPs") for projects, including construction projects. Supply Chain's electronic systems do not track which of these orders involved RFPs nor how many bidders were involved. Attach 01 provides a list of purchase orders for construction activities from the years 2010 to 2012. Some, but not all, purchase orders are the result of an RFP process. Ascertaining which purchase orders resulted from an RFP would be a time-consuming manual review process for the more than 300 purchase orders in the period.

b and c. Concerning "competitive" bidding, the specific type of work being bid plus its scope will impact the number of firms that are sent RFPs. In general, IBS attempts to include at least three firms but this will vary, especially if the type of work is specialized and/or unique. Also, the number of bidders that respond is variable as well.

d. Please see PGL DAS 11.04 Attach 02. Also see Peoples Gas' response to DAS 11.01(a).

e. "Competitive" means that IBS requests bids from potential goods and services providers. As stated in the response to subpart (b), IBS generally tries to solicit bids from

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests DAS 11.01-11.04**  
**Dated: January 3, 2013**

at least three vendors. For larger projects, Supply Chain will often follow-up with RFP recipients who did not submit a bid.

f. See responses to subparts (a) to (c), (e), (g), and (h) of this data request.

g. Not necessarily. As explained in the response to subparts (b) and (c), for some projects, particularly those involving specialized or unique expertise, the number of vendors capable of providing the requested goods or services may be limited. Sending the RFP to vendors lacking the requisite capabilities simply to increase the number of RFP recipients would not be expected to increase the competitiveness of the process.

h. Not necessarily. If the larger numbers of bids are from vendors lacking the expertise to perform the work, merely receiving more bids does not improve the competitiveness of the process.

Item	Dual Fuel	Pinnacle
<b>TOTAL</b>	<b>\$1,025,914</b>	<b>\$1,052,080</b>
Project Design and Engineering	<b>\$55,000</b> design, drawings, "assist with application of permits"	<b>\$11,500</b> design, project management
Project Management	<b>\$52,000</b> status reports for grant, startup, training	Included
Permitting	<b>\$22,500</b> Does not include official fees	<b>\$11,500</b> standard price, not including expeditor
Fuel Station	<b>\$462,154</b>  ANGI 150 HP Compressor, 292 scfm, starter, dryer, priority, 90 available DGE storage, ANGI Dispenser	<b>\$546,100</b>  \$355,400 250 HP compressor, 441 scfm \$48,400 dispenser, card reader system \$26,000 Dryer \$42,500  priority and esd controls \$73,800  180 available DGE storage
Mechanical	<b>\$45,125</b> connections, HP lines, disconnect existing compressor	<b>\$45,125</b> Not In price, using dual fuel's price
Electrical	<b>\$95,750</b>	<b>\$95,750</b>

	pull cable, new disconnect, trench to dispenser, canopy power, security power, phone/data, estops		Not in price, using dual fuel's price
Concrete	<b>\$59,800</b>		<b>\$65,300</b>
	excavate, island, footings, storage pad, spoils		island, curbs, concrete pad
Site	<b>\$83,080</b>		<b>\$83,080</b>
	electric excavation, storm sewer relocation, demo and grade, asphalt		Concrete, curb, not in price, using dual fuel's price
Fencing	<b>\$40,000</b>		<b>\$40,000</b>
	placeholder for security fence		Not in price, using dual fuel's price
Security	<b>\$34,500</b>		<b>\$34,500</b>
	cameras, sensors, nvr		
Installation	<b>\$3,000</b>		<b>\$78,600</b>
	crane for site, installation labor included in individual items		\$72,400 all installation activities \$6,200 Startup/commissioning
Island Canopy	<b>\$36,190</b>		<b>\$40,625</b>
	fuel island canopy w/ company graphics		canopy w/ company graphics
Pneumatic Priority Panel	<b>\$10,885</b>		<b>\$0</b>
	option		included
Dual Pressure 3000/3600	<b>\$1,880</b>		<b>\$0</b>
	option		included
Card Reader/Fuel Management	<b>\$24,050</b>		<b>\$0</b>
	option		included

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests DAS 10.01-10.04**  
**Dated: December 20, 2012**

**REQUEST NO. DAS 10.01:**

The Companies' witness Mr. Hoops' rebuttal testimony, regarding the competitiveness of the RFP, states as follows, "This project was competitively bid." (NS-PGL Ex. 28.0, p. 11) Please provide the following information:

- a. A list of all RFPs that Peoples Gas has sent out in the past 5 years.
- b. For each RFP that Peoples Gas has sent out in the past 5 years, the number of firms that each RFP was sent to.
- c. For each RFP that Peoples Gas has sent out in the past 5 years, the number of bids received.
- d. Mr. Hoops' expertise in RFP process management.
- e. Mr. Hoops' particular role or responsibilities in the CNG station RFP process.
- f. What is Integrys Business Support's standard for determining if a bid is competitive?
- g. What is Peoples Gas' standard for determining if a bid is competitive?

**RESPONSE:**

- a. Peoples Gas objects to this request as it unduly burdensome and because it is seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence. Subject to and without waiving these objections and its General Objections, Peoples Gas states: Please see the attached Supply Chain Services documents.
- b. Please see subpart (a) of this data request.
- c. Please see subpart (a) of this data request.
- d. Please see Mr. Hoops' direct testimony in which he describes his background and business experience. His extensive public utility experience, particularly plant management responsibilities, has required participation in RFP and bidding processes. Mr. Hoops has not been directly responsible for RFP management, e.g., as a supply chain employee.
- e. Mr. Hoops was not involved in the CNG RFP process. However, please see Peoples Gas' responses to Staff data requests DAS 7.01 through 7.04.
- f. Please see the response to subpart (a) of this response. Note that Supply Chain Services is part of Integrys Business Support, LLC.
- g. Please see the response to subpart (a) of this response.



**Data Request: DAS 25.02**

DAS-25.02 Regarding Attachments 1 and 4 to the Companies' response to Staff DR Docket No. 12-0299 RWB-1.03, please provide the following information:

- a. Please provide the Progress Schedule that was provided by Pinnacle pursuant to section 3.2 on page 4 of Attachment 1.
- b. Please provide the date on which Peoples Gas received the above-referenced Progress Schedule.
- c. Please state whether Peoples Gas entered into a Mutual Confidentiality Agreement with Trillium. If yes, provide the agreement.
- d. Please state whether Peoples Gas entered into a Mutual Confidentiality Agreement with Dual Fuel Systems. If yes, provide the agreement.

**Response:**

- a. Please see the attachment.
- b. September 13, 2011. The subpart (a) attachment also includes a September 20, 2013 date, which appears to be a print date.
- c. No, Peoples Gas did not enter into the form of agreement included in the referenced data response with Trillium.
- d. No, Peoples Gas did not enter into the form of agreement included in the referenced data response with Dual Fuel Systems.

CNG - DIVISION STREET 09/13/11 (MASTER)				DATA DATE												20-Sep-11 08:39		
Activity ID	Activity Name	Total Float	Original	Start	Finish	2012												
						Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>CNG - DIVISION STREET 09/13/11 (MASTER)</b>						18-Jan-12; CNG - DIVISION STREET 09/13/11 (MASTER)												
<b>Project Administration / Management</b>						25-Oct-11; Project Administration / Management												
<b>Procurement</b>						16-Nov-11; Procurement												
<b>Build / Construction (Placeholders)</b>						23-Dec-11; Build / Construction (Placeholders)												
CE1600	Submit Building Plans for Review by City/County Development Services Department	8	7	13-Sep-11	19-Sep-11	Submit Building Plans for Review by City/County Development Services Department												
CE1610	Receive Building Permit/Approval From City Building Department(s)**	0	7	27-Sep-11*	03-Oct-11	Receive Building Permit/Approval From City Building Department(s)**												
CE1990	Milestone - All Permits Procured	74	0		03-Oct-11	Milestone - All Permits Procured												
CE1620	Pre-Construction Meetings	0	7	04-Oct-11	10-Oct-11	Pre-Construction Meetings												
CE1630	Issue Notice to Proceed to Construction Contractors	0	7	11-Oct-11	17-Oct-11	Issue Notice to Proceed to Construction Contractors												
CE1640	Complete Pinnacle & Construction Subcontractor Mobilization to Site	0	7	11-Oct-11	17-Oct-11	Complete Pinnacle & Construction Subcontractor Mobilization to Site												
CE1650	Install Construction Security Fencing at Compressor Equipment Compound as Needed	0	7	11-Oct-11	17-Oct-11	Install Construction Security Fencing at Compressor Equipment Compound as Needed												
CE1660	Provide Demolition Schedule & Begin Dirt Work Activities & Removal of Existing Paving & Structures for Placement	0	7	18-Oct-11	24-Oct-11	Provide Demolition Schedule & Begin Dirt Work Activities & Removal of Existing Paving & Structures for Placement												
CE1670	Remove Any Existing Structures & or Move Utilities. Cap Abandoned Utilities	0	7	18-Oct-11	24-Oct-11	Remove Any Existing Structures & or Move Utilities. Cap Abandoned Utilities												
CE1680	Complete Excavation for Equipment Pads & Trenches	0	7	18-Oct-11	24-Oct-11	Complete Excavation for Equipment Pads & Trenches												
CE1690	Place 24" Trench Plates for Trenches Crossign Vehicle Movement Areas	0	7	18-Oct-11	24-Oct-11	Place 24" Trench Plates for Trenches Crossign Vehicle Movement Areas												
CE1700	Complete Installation of Gas Supply Line & MSA by Gas Utility**	0	7	25-Oct-11	31-Oct-11	Complete Installation of Gas Supply Line & MSA by Gas Utility**												
CE1710	Complete Electric Service Improvements**	0	7	01-Nov-11	07-Nov-11	Complete Electric Service Improvements**												
CE1720	Install Concrete Pads for Equipment in Compressor Equipment Compound	0	7	08-Nov-11	14-Nov-11	Install Concrete Pads for Equipment in Compressor Equipment Compound												
CE1730	Install & Test Inlet Gas Line from MSA to Compressor Equipment Compound	0	7	08-Nov-11	14-Nov-11	Install & Test Inlet Gas Line from MSA to Compressor Equipment Compound												
CE2000	Milestone - Start Installation of Equipment	44	0		15-Nov-11	Milestone - Start Installation of Equipment												
CE1740	Close Trench for Inlet Gas Line Trench	0	7	15-Nov-11	21-Nov-11	Close Trench for Inlet Gas Line Trench												
CE1750	Receive, Set & Anchor CNG Compressor Skid(s), Gas Dryer, Storage Vessels, Dispensers	0	7	15-Nov-11	21-Nov-11	Receive, Set & Anchor CNG Compressor Skid(s), Gas Dryer, Storage Vessels, Dispensers												
CE1760	Receive, Set & Anchor Electrical Switchgear, Distribution Panel, & Power Metering Equipment	0	7	22-Nov-11	28-Nov-11	Receive, Set & Anchor Electrical Switchgear, Distribution Panel, & Power Metering Equipment												
CE1770	Receive, Set & Anchor Vehicle Defueling Panel at Defueling Station	0	7	22-Nov-11	28-Nov-11	Receive, Set & Anchor Vehicle Defueling Panel at Defueling Station												
CE1780	Install Conductor Connections to Electric Utility Service Point, Station Switchgear, Distribution Panel &	0	7	22-Nov-11	28-Nov-11	Install Conductor Connections to Electric Utility Service Point, Station Switchgear, Distribution Panel &												
CE1790	Install & Test Inlet Gas Line from MSA Shutoff Valve to Gas Dryer & Compressor Skid	0	7	29-Nov-11	05-Dec-11	Install & Test Inlet Gas Line from MSA Shutoff Valve to Gas Dryer & Compressor Skid												
CE1800	Install & Test High Pressure CNG Lines from Compressor Skid to Storage Vessels and Valve Panel	0	7	29-Nov-11	05-Dec-11	Install & Test High Pressure CNG Lines from Compressor Skid to Storage Vessels and Valve Panel												
CE1810	Install & Test High Pressure CNG Lines from Valve Panel to Dispensers	0	7	06-Dec-11	12-Dec-11	Install & Test High Pressure CNG Lines from Valve Panel to Dispensers												
CE1820	Install & Test Electrical Service From Secondary Panels to Fueling System Equipment	0	7	06-Dec-11	12-Dec-11	Install & Test Electrical Service From Secondary Panels to Fueling System Equipment												
CE1830	Install Dedicated Phone Line to Compressor Equipment Compound	0	7	06-Dec-11	12-Dec-11	Install Dedicated Phone Line to Compressor Equipment Compound												
CE1840	Install & Test Fueling Station ESD System	0	7	13-Dec-11	19-Dec-11	Install & Test Fueling Station ESD System												
CE1850	Complete Operational Testing For All Fueling Station Safety Systems	0	7	13-Dec-11	19-Dec-11	Complete Operational Testing For All Fueling Station Safety Systems												
CE1860	Complete installation of Safety & Instructional Signage, Fire Extinguishers, Area Lighting, Security	0	7	13-Dec-11	19-Dec-11	Complete installation of Safety & Instructional Signage, Fire Extinguishers, Area Lighting, Security												
CE1870	Complete Emergency Response Training for Integrys/Peoples Gas Operations Personnel	0	7	13-Dec-11	19-Dec-11	Complete Emergency Response Training for Integrys/Peoples Gas Operations Personnel												
CE1880	Complete Emergency Response Training For City Fire Marshall's Office	0	7	13-Dec-11	19-Dec-11	Complete Emergency Response Training For City Fire Marshall's Office												
CE1890	Complete Operational Training for Integrys/Peoples Gas Vehicle Fueling Personnel	0	7	13-Dec-11	19-Dec-11	Complete Operational Training for Integrys/Peoples Gas Vehicle Fueling Personnel												
CE1900	Establish On-Site Storage for Spare Parts & Consumable Supplies	0	7	13-Dec-11	19-Dec-11	Establish On-Site Storage for Spare Parts & Consumable Supplies												
CE1910	Complete Fueling System Field Inspection, Test, & Acceptance for Throughput Performance Test	0	7	13-Dec-11	19-Dec-11	Complete Fueling System Field Inspection, Test, & Acceptance for Throughput Performance Test												
CE1920	Milestone: Complete Throughput Performance Testing for Test Fleet CNG Vehicles	0	0		19-Dec-11	Milestone: Complete Throughput Performance Testing for Test Fleet CNG Vehicles												
CE1930	Deliver Drawings of Record & Post-Installation Submittals to Integrys/Peoples Gas	0	1	20-Dec-11	20-Dec-11	Deliver Drawings of Record & Post-Installation Submittals to Integrys/Peoples Gas												
CE1980	Milestone - System Acceptance	20	0		21-Dec-11	Milestone - System Acceptance												
CE1940	Acceptance of CNG Fueling Station Facility by Integrys/Peoples Gas/City of Chicago	0	1	21-Dec-11	21-Dec-11	Acceptance of CNG Fueling Station Facility by Integrys/Peoples Gas/City of Chicago												
CE1950	Submit Request for Payment Invoice to Integrys	26	1	22-Dec-11	22-Dec-11	Submit Request for Payment Invoice to Integrys												
CE1960	Receive Payment from Integrys for Accepted & Completed CNG Fueling Station	26	1	23-Dec-11	23-Dec-11	Receive Payment from Integrys for Accepted & Completed CNG Fueling Station												
CE1970	Milestone: Construction Complete	26	0		23-Dec-11	Milestone: Construction Complete												
<b>Operation Turnover</b>						18-Jan-12; Operation Turnover												
CE1040	MILESTONE - OPERATION TURNOVER	0	0	21-Dec-11*	18-Jan-12	MILESTONE - OPERATION TURNOVER												
<b>Configuration Management</b>						18-Jan-12; Configuration Management												
<b>Drawings</b>						18-Jan-12; Drawings												
CE1290	Drawings	0	29	21-Dec-11	18-Jan-12	Drawings												
<b>Procedures</b>						18-Jan-12; Procedures												
CE1300	Procedures	0	29	21-Dec-11	18-Jan-12	Procedures												
<b>Manuals</b>						18-Jan-12; Manuals												
CE1310	Manuals	0	29	21-Dec-11	18-Jan-12	Manuals												
<b>Equipment Tags</b>						18-Jan-12; Equipment Tags												
CE1320	Equipment Tags	0	29	21-Dec-11	18-Jan-12	Equipment Tags												
<b>Database Updates (CNNS, etc.)</b>						18-Jan-12; Database Updates (CNNS, etc.)												
CE1330	Database Updates	0	29	21-Dec-11	18-Jan-12	Database Updates												
<b>Spare Parts</b>						18-Jan-12; Spare Parts												
CE1340	Spare Parts	0	29	21-Dec-11	18-Jan-12	Spare Parts												
<b>Training</b>						18-Jan-12; Training												
CE1350	Training	0	29	21-Dec-11	18-Jan-12	Training												
CE1360	MILESTONE - PROJECT COMPLETE	0	0		18-Jan-12	MILESTONE - PROJECT COMPLETE												

Remaining Level of Effort   
 Remaining...  
 Actual Level of Effort   
 Critical Re...  
 Actual Work   
 Milestone

**Data Request: DAS-26.02**

DAS-26.02 The Companies' response to Staff DR DAS-22.01(e) states, "Peoples Gas proposed, but GTI did not accept, a contract extension of 60 days." Regarding this response, please provide the following information:

- a. Provide the date that the Peoples Gas proposed a contract extension of 60 days.
- b. Provide the date that GTI did not accept the proposed contract extension of 60 days.
- c. Provide all documentation that corroborates these statements.

**Response:**

- a) November 23, 2011
- b) Peoples Gas did not receive a formal response.
- c) Please see the attachment.

**PEOPLES GAS**  
NATURAL GAS DELIVERY

Peoples Gas Company  
130 East Randolph Drive  
Chicago, IL 60601-6207  
www.peoplesgasdelivery.com

November 23, 2011

**VIA OVERNIGHT DELIVERY**

Gas Technology Institute  
Attn: Mr. Fred Vitalo  
1700 South Mount Prospect Road  
Des Plaines, Illinois 60018

RE: The Peoples Gas Light and Coke Company  
Sub-Awardee Agreement No. S263  
Proposed Amendment to Extend In-Service Deadline

Dear Mr. Vitalo,

As you know, The Peoples Gas Light and Coke Company ("Peoples Gas") is the Sub-Awardee under the above-referenced agreement ("Agreement"). Peoples Gas has been working diligently to plan, obtain permits for and construct the compressed natural gas fueling station described in Section 2 of the Agreement's Scope of Work ("SOW"). However, due to delays related to obtaining the permits required by the City of Chicago before we can actually break ground on the construction and installation of the station, Peoples Gas does not believe it can meet the December 20, 2011 deadline for full installation and in-service status, as set-forth in Section 2.1 of the SOW.

Based on the ongoing conversations between Peoples Gas and GTI, Peoples Gas understands that GTI is open to a possible extension of the December 20 deadline, and given the permitting challenges, Peoples Gas believes such an extension is necessary. To that end, pursuant to Section 7.2 of the Agreement, Peoples Gas is proposing that the SOW be amended as follows:

**Section 2.1 Procurement**

The last sentence of Section 2.1 shall be deleted in its entirety and replaced with the following sentence:

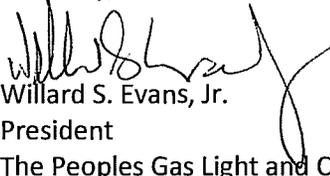
***"Infrastructure (detailed herein) shall allow for public and/or private fleet access and must be procured, installed, and put into service by 2/20/2012."***

Peoples Gas feels that a 60-day extension will allow time to obtain the necessary permits and also ensure that once permitting is complete, Peoples Gas' contractor(s) will have the time necessary to complete the project in a safe and fully compliant manner.

Peoples Gas appreciates GTI's flexibility and consideration of this proposed amendment. Should you have any questions or concerns with Peoples Gas' proposed amendment, please contact Mr.

Michael Wyrick at 773.395.7472. Otherwise, please acknowledge GTI's consent to the above amendment by executing and returning this document to my attention.

Sincerely,



Willard S. Evans, Jr.

President

The Peoples Gas Light and Coke Company

Legal: MR

The Institute of Gas Technology dba Gas Technology Institute accepts and agrees to this first amendment to the Sub-Awardee Agreement No. S263.

Accepted and Agreed:

---

Fred M. Vitalo  
Direct, Contract Services

Date: \_\_\_\_\_

cc: Mike Wyrick – Peoples Gas  
Mr. Ted Barnes – GTI

**Data Request: DAS-22.02**

DAS-22.02 Regarding the Companies' response to Staff DR DAS-21.04(a) which states, "The amount used in the 2012 rate case was the \$857,692 which was the actual cost of the project charged to capital through December, 2011, please provide the following information:

- a. What was the actual cost of the project charged to capital during 2012?
- b. Provide the total amount of that Peoples Gas spent on the construction including but not limited to the amount covered by the grant, the amount that was proposed to be added to rate base, and any other costs that were not covered by either of those two amounts. Include all payments to and credits from Pinnacle in that amount.
- c. Provide the derivation of the amount in (a) indicating which amounts were paid for by the grant, which were put in the proposed rate base amount and which amounts were going to be internalized by Peoples Gas. Provide the date each cost was incurred.
- d. Was the Purchase Order signed on 8/31/2011 a payment or an authorization?
- e. On what day in September 2012 was the credit from Pinnacle received.

**Response:**

- a. The actual cost of the project charged to capital during 2012 only, before any grant money or credits were applied, is \$550,330. Please see DAS 22.02 Attach 01 tab "FERC Summary" for support.
- b. The total amount that Peoples Gas spent during 2011 and 2012 on construction (capital), without taking into consideration any grant money or credits, was \$1,408,022. The amount of grants posted to the project was \$692,400. The amount that Peoples Gas proposed to add to rate base, but later withdrew, was \$857,692. The total project cost charged to O&M for 2011-2012 was \$35,568. The total amount Peoples Gas paid to Pinnacle was \$1,211,486 (total paid of \$1,375,209 less credit of \$163,723 = \$1,211,486). Please see DAS 22.02 Attach 01 tab "FERC Summary" for support.
- c. The grant money was used to offset the fueling station equipment and services. See GTI Agreement, Exhibit A, Section 2 for further detail (attached). As mentioned in previous data requests and in subpart (a) of this response, the amount proposed to be put in rate base was \$857,692. However, when Staff objected to its inclusion Peoples Gas withdrew its request and agreed to take this amount out of rate base. This was approved in the final order of Docket No. 12-0511/0512 (cons). Please see DAS 22.02 Attach 01, tab "FERC Detail" for the date each cost was incurred.
- d. The purchase order signed on 8/31/2011 was an authorization, not a payment.
- e. The credit from Pinnacle was posted on September 27, 2012.

NS PGL DAS 22.02

Attach 01

<b>Sum of Amount</b>	<b>Column Labels</b>
<b>Row Labels</b>	<b>PINNACLE CNG SYSTEMS LLC</b>
<b>107000</b>	<b>1,375,208.95</b>
13-JUN-12	540,263.95
14-DEC-11	571,925.00
14-OCT-11	263,020.00
<b>Grand Total</b>	<b>1,375,208.95</b>
Less Credit	(\$163,723.41)
Total Paid to Pinnacle	1,211,485.54

**Data Request: DAS 7.02**

The Companies responses to Staff DR DAS-6.03a states as follows:

“Peoples Gas and North Shore believe transactions not exempt under the Commission's rules at 83 Ill. Admin. Code Part 310 require prior Commission approval. The dollar limit in that rule is \$500. That rule also includes a bidding procedure that may apply to certain transactions.”  
Regarding this response, please provide the following information:

- a. Would anything have changed in the RFP process with Pinnacle if it became an affiliate prior to the signing of the Pinnacle / Peoples Gas contract?
- b. Would Peoples Gas have pursued the same construction process?
- c. Please provide documentation of IBS Supply Chain Services understanding of and compliance with Admin. Code Section 310.70 and its applicability to Peoples Gas and North Shore Gas.
- d. Provide a list of all RFPs won by affiliates in the past 5 years.
- e. Provide all “15-day statements” provided to the Commission by Peoples Gas or North Shore Gas in the past 5 years.
- f. Did Peoples Gas, its agents or affiliates take any measures to expedite the RFP process to get it completed and a contract signed before the September 1, 2011 acquisition of Pinnacle by ITF?
- g. Did Peoples Gas, its agents or affiliates decelerate or postpone the acquisition of Pinnacle by ITF to allow the Pinnacle contract to be signed before September 1, 2011?
- h. What motivated Peoples Gas, its agents or affiliates to begin the RFP process more than 11 months after the GTI / City Agreement outlining the funding of the station? If GTI contacted Peoples Gas, please provide documentation to support this.

**Response:**

- a. Peoples Gas and North Shore object to the request as it calls for speculation. Without waiving that objection, Peoples Gas and North Shore state as follows: The RFP process may have been unaffected. However, if an affiliated company submitted the winning bid and the bidding procedures provided in 83 Ill. Admin. Code Part 310 had not applied to the process, then Peoples Gas would have filed for Commission approval of any agreement between it an affiliated interest, and a condition precedent to the effectiveness of such an agreement would have been prior Commission approval.
- b. Peoples Gas and North Shore object to the request as it calls for speculation. Without waiving that objection, Peoples Gas and North Shore state as follows: Please see the response to subpart (a). To the extent construction was dependent upon an agreement requiring prior Commission approval, construction would not have commenced prior to such approval.
- c. IBS's Supply Chain Services does not have a procedure for 83 Ill. Admin. Code Part 310. The requirements for the competitive bidding process are set forth in the Commission's rules.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket No. 12-0299

Page 2 of 2

By their terms, 83 Ill. Admin. Code Secs. 310.60 and 310.70 apply to public utilities. North Shore and Peoples Gas are public utilities.

d. None.

e. Peoples Gas and North Shore object to the request as the phrase "15-day statements" is vague and undefined. Without waiving that objection, Peoples Gas and North Shore state as follows: If "15-day statements" refers to the statement described in 83 Ill. Admin. Code Sec. 310.70(f), the answer is none.

f. No. Efforts to complete the RFP process were in response to the upcoming deadline set forth in the grant agreement. The Peoples Gas employees and IBS employees making the award decision were not aware of nor influenced by the Pinnacle acquisition.

g. No. Please see the response to subpart (f).

h. Peoples Gas spent much of the 11 months deciding how best to proceed with the grant. It engaged in discussions with another non-affiliated entity to take assignment of the grant and potentially build the station. Those discussions were difficult, and the parties did not reach agreement; Peoples Gas ultimately decided that it would build the station. As part of those discussions, Peoples Gas assigned the grant to the other entity. Some delay resulted from Peoples Gas getting the grant re-assigned to it.

**Data Request: DAS-18.03**

DAS-18.03 Regarding the Companies' response to Staff DR Docket No. 12-0299 DAS-7.02, please provide the following information.

- a. Did Peoples Gas, its agents or affiliates accelerate or expedite the review or approval of Pinnacle in order to allow the Pinnacle contract to get signed before the acquisition?
- b. Did Peoples Gas, its agents or affiliates decelerate or postpone the acquisition of Pinnacle in order to allow the Pinnacle contract to get signed before the acquisition?
- c. Provide all proposed acquisition dates for Pinnacle as modified during the acquisition process along with supporting documentation.
- d. Provide all proposed acquisition dates for Trillium as modified during the acquisition process along with supporting documentation.

**Response:**

- a. No. Efforts to complete the RFP process were in response to the upcoming deadline set forth in the grant agreement.
- b. No.
- c. Please see the timeline provided in the response to Staff data request DAS 10.19. The June 16, 2011 letter of intent included an exclusivity period that ended July 31, 2011, but it was extended through August 31, 2011, to accommodate further price negotiations.
- d. Please see the timeline provided in the response to Staff data request DAS 10.19. The June 16, 2011 letter of intent included an exclusivity period that ended July 31, 2011, but it was extended through August 31, 2011, to accommodate further price negotiations.

**Supplemental Response:**

- c. As stated, the June 16, 2011 letter of intent included an exclusivity period that ended July 31, 2011. The significance of this date is that, as of the execution of the June 16, 2011 letter of intent, the parties targeted completion of negotiations for the proposed acquisition by July 31, 2011. On July 22, 2011, the parties extended that date to August 31, 2011. The significance of the July 22, 2011 date is that the parties concluded that an additional month was needed to complete price negotiations and finalize the proposed acquisition.
- d. Please see the supplemental response to subpart (c). Integrys acquired Pinnacle and Trillium from the same owner, and, accordingly, the proposed acquisitions were on the same timeline.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket Nos. 12-0273 and 13-0612 (cons.)

Page 1 of 3

**Data Request: DAS 10.12**

Regarding the Companies' transactions as the term is used in Section 7-101(3) of the Public Utilities Act (i.e. contract or arrangement for the purchase, sale, lease or exchange of any property or for the furnishing of any service, property or thing) with their affiliates Pinnacle and Integrys Transportation Fuels ("ITF"), please provide the following information.

- a. Provide all payments made to ITF by each of the Companies from its inception to absorption.
- b. Provide all payments made by ITF to each of the Companies from its inception to absorption.
- c. Provide all payments made to Pinnacle by each of the Companies from its inception to absorption.
- d. Provide all payments made by Pinnacle to each of the Companies from its inception to absorption.
- e. Why did Peoples Gas not report any revenues for transactions between Peoples Gas and ITF during 2009-2012 on page 47 of its ICC Form 21?
- f. Why did North Shore not report any revenues for transactions between Peoples Gas and ITF during 2009-2012 on page 47 of its ICC Form 21?
- g. Why did Peoples Gas not report any revenues for transactions between Peoples Gas and Pinnacle during 2009-2012 on page 47 of its ICC Form 21?
- h. Why did North Shore not report any revenues for transactions between Peoples Gas and Pinnacle during 2009-2012 on page 47 of its ICC Form 21?
- i. For each change order entered into with Pinnacle, provide the date, nature of the change and the method used to determine the charge from Pinnacle to Peoples Gas.
- j. What profit did Pinnacle expect to derive from the construction of the CNG station? What amount was added to the acquisition price relating to that contract? Did the Pinnacle construction contract affect its the acquisition price. If so what was the amount?
- k. Please reconcile several statements that Peoples Gas interacted with ITF and Pinnacle under the STA (DAS-9.03d and h), while DAS-9.03a and e acknowledge that ITF and Pinnacle were not added to the STA until October, 1, 2013.
- l. What are the dimensions of the current CNG station in feet?

**Response:**

- a. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that ITF is an active company and has not dissolved. See PGL Attach 01 and NSG Attach 01.
- b. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that ITF is an active company and has not dissolved. None.
- c. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that Pinnacle CNG Company and Pinnacle CNG Systems, LLC are active companies and have not dissolved. See PGL Attach 02.
- d. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that Pinnacle CNG Company and Pinnacle CNG Systems, LLC are active companies and have not dissolved. None.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket Nos. 12-0273 and 13-0612 (cons.)

Page 2 of 3

- e. Peoples Gas did not report any revenues for transactions between Peoples Gas and ITF during 2009-2012 on page 47 of its ICC Form 21 because ITF was not an affiliate until 2011. There were not any transactions between the companies until 2012, and in 2012 the amount billed was not over \$250,000.
- f. North Shore did not report any revenues for transactions between North Shore and ITF during 2009-2012 on page 47 of its ICC Form 21 because ITF was not an affiliate until 2011. There were not any transactions between the companies until 2012, and in 2012 the amount billed was not over \$250,000.
- g. Peoples Gas did not report any revenues for transactions between Peoples Gas and Pinnacle during 2009-2012 on page 47 of its ICC Form 21 because Pinnacle was not an affiliate until 2011. There were not any transactions between the companies until 2012, and in 2012 the amount billed was not over \$250,000.
- h. North Shore did not report any revenues for transactions between North Shore and Pinnacle during 2009-2012 on page 47 of its ICC Form 21 because Pinnacle was not an affiliate until 2011, and there were no transactions between North Shore and Pinnacle during that time frame.
- i.
- j.
- k. As North Shore and Peoples Gas explained, the STA contemplates that all affiliated of Peoples Energy Corporation (now Peoples Energy, LLC) are parties to the agreement. The failure to document the addition of new subsidiaries was an inadvertent oversight. Peoples Energy and its subsidiaries provided and received services in accordance with the terms of the agreement since the acquisition of the companies that are part of ITF.
- l. 20,020 square feet.

**SUPPLEMENTAL RESPONSE**

- c. Transactions prior to February 2013 were pursuant to a construction agreement entered into between Pinnacle and Peoples Gas prior to Integrys Energy Group, Inc.'s acquisition of Pinnacle. Payments pursuant to that agreement were not under Section 7-101 of the Public Utilities Act.
- i. Please see the attached summary of change orders.
- j. Peoples Gas does not have the requested information.

**SECOND SUPPLEMENTAL RESPONSE**

- b. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that ITF is an active company and has not dissolved. Please see PGL Attach 03.
- d. North Shore and Peoples Gas understand that the request is asking for "inception to dissolution." Please note that Pinnacle CNG Company and Pinnacle CNG Systems, LLC are active companies and have not dissolved. Please see PGL Attach 04.

**THIRD SUPPLEMENTAL RESPONSE:**

i. Please see the excel attachment. The items in red are change order corrections that were completed on August 24, 2012. The changes at that date were to correct change order amounts and add in the 15% general contractor margin (per contract) that were required but not originally included. No actual change orders were made on August 24, 2012. Please see the attached July 2012 change order.

j. Peoples Gas objects to this request as seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.

## PINNACLE CNG SYSTEMS, LLC

4915 W. Industrial, Bldg. 1  
Midland, Texas 79703-1311  
(432) 694-0202 (Main Manufacturing Tel.)  
(432) 689-3578 (Fax)

March 21, 2012

Mr. Jeff Krueger  
Project Manager  
Integrus Business Support, D2C-BK51  
700 N. Adams Street  
P.O. Box 1700001  
Green Bay, Wisconsin 54307-9001

Re: Summary of Change Orders through 3/21/12  
RFP: CNG Public Refueling Station, 1241 W. Division Street, Chicago, IL 60642

Dear Mr. Krueger:

At your request Pinnacle has prepared the additional costs attributable to the CNG station installation during the 71 work days between 1/10/12 – 3/20/12. Pinnacle has worked with Performance Construction and other subcontractors on the CNG project and found them to be competent local subcontractors with track records for completing commercial projects and delivering certified payrolls. Under this proposal, these subcontractors have worked under Pinnacle CNG Systems, LLC's City of Chicago Public Way Work License with Pinnacle providing construction management services, oversight of subcontractor certified payrolls and insurance requirements under the existing CNG station construction contract since August 30, 2011. Pinnacle's overhead margin is calculated at 15%.

Pinnacle proposes the following separate Change Orders and also has itemized adjustments to the original P.O. issued by Ken Jackson, dated 8/30/11. Some change order detail was submitted to Jeff E. Krueger for review by email on 2/9/12 with supporting documentation. New documentation has been attached, inclusive through 3/20/12). Should you require additional back-up for any item, please give Sue Buck a call.

**A. P.O. Line Item "A" Fuel Island - Pinnacle CNG Systems LLC**

**Original Bid Amount (6/24/12):** **\$87,800.00**

**Change Order: Change K-Rail Protection to Bollards on Design Drawings**

(Cost is for man hours for Pinnacle employees between 11/15-20/2011 re-doing building permit prints (6 hrs x \$150/hr).

**Change Order Amount:** **\$900.00**

Approved

Included in the \$87,800 Line Item A, is the amount of \$34,600, broken out of Performance Paving's original bid (of \$73,500) which is attributable to Fuel Island related charges. \$34,600 was subtracted from Performance Paving's \$73,500 as it was an amount attributable to Pinnacle's bid amount for Bid Line Item A.

**B. P.O. Line Item "I" Site Work states "Respondent's (Pinnacle CNG Systems, LLC) Scope of Work will include all Concrete Work, Curb Cuts and Relocation or Replacement of Fencing). This scope of work was provided at the Construction Pre-Bid Meeting, and the \$\$ Amount was left blank on Pinnacle's 6/24/12 bid. All costs for Performance Paving (B.1) fall under the category of Site Work. As the RFP Cost Proposal did not include Line Items for Fencing, Landscaping or Gas Hookup, these costs are included under Line Item "I" Pass Through Costs. Also included in this category are Electrical Change Orders. All subcontractor Pass Through Costs include a 15% Pinnacle (General Contractor) Margin.**

**B.1 Performance Construction Services Sitework Pass-Through Costs**

Original Bid	\$73,500
CO#1	21,180
CO#2	<u>40,025</u>
Subtotal:	\$135,705

Credit (The orig. amount on CO#1 for Trash slab. Full price on CO#2 for Trash Enclosure included the \$2,663 amount and was credited back on Performance Construction's Inv.#2 (3275) - (2,663)

**Revised Performance Construction Contract Total: \$133,042**

We have moved (subtracted from \$133,042) costs that were attributable to camera trenching (\$7,427), Landscaping (\$12,090 + \$16,655), fence concrete slab (\$5,350), and Fuel Island Costs) (\$34,600) and allocated those costs to those specific category costs:

- a) Less (-) Perf. Construction CO#1 Security Camera Trenching Amount moved to C.O# F (Camera Allowance) (\$ 7,427)
  - b) Less (-) Perf. Construction CO#1 Add'l Excav & Concrete Curb Attributable to Landscape Island (\$12,090)
  - c) Less (-) Perf. Construc. CO#2 Remediation and Excavation to 3' depth (146 CY) & Backfill w/ sand (\$16,655)
  - d) Less (-) Perf. Construction frame and pour concrete slab Behind curb for fencing contractor (~260 sf) (\$ 5,350)
  - e) Less (-) Frank's estimate (breakout) of Fuel Island related charges from Frank's Original bid amount These costs are attributable to Line Item A (but not as a C.O.) (\$34,600)
- (Moved Items a-e) (\$76,122)

**\$133,042 - \$76,122 = Revised Sitework "I" Total: \$ 56,920**

15% (Pinnacle Gen'l Contractor Margin) \$ 10,044.71  
**Performance Construction Site Work "I" Amount \$ 66,964.71**

Approved

**B.2 Fencing Bid Pass Through Costs:**

▪Peerless Fence Bid (11/14/11)	\$ 51,819
▪Peerless C.O. 2/17/12 (Slide gate truck assemblies)	+ <u>735</u>
<b>Revised Peerless Contract Total</b>	<b>\$ 52,554</b>

Plus Performance Construction frame and pour concrete slab Behind curb for fencing contractor (~260 sf)	<u>\$ 5,350</u>
<b>Total Fencing Cost (\$52,554 + \$5,350):</b>	<b>\$ 57,904</b>

15% (Pinnacle Gen'l Contractor Margin) \$ 10,218

**Total Fencing Change Order (including sitework) \$ 68,122**

Approved

**B.3 Landscaping - 100% Pass Through Costs:**

a) CityEscape (Landscape) Bid (dated 11/10/11) **\$ 11,684.38**

(Plus) Performance Construction tasks attributable to Landscaping deducted from Performance Line Item "I" Site work tasks shown on PCS bids and CO's:

▪Performance Construction CO#1 Additional Excavation, Concrete and Curbing item Attributable to Landscape (L/S) Island \$ 12,090

▪Plus (from Performance Construction CO#2) Remediation/Excavation to 3' depth (146 CY) & Backfill w/ sand \$ 16,655

**\$11,684.38 + \$12,090 + \$16,655 = Total Revised L/S Amount \$ 40,429.38**

Plus 15% (Pinnacle General Contractor Margin) \$ 7,134.60

**Landscaping Change Order Amount based on Perf. Pvg.Work \$ 47,563.98**

Approved

b) Telecom 3/13/12 (M.Wyrick, J.Butts) there will be several additional Landscaping change orders (costs) associated with a) restoration of the trenched area to occur when the landscaper is onsite doing his work circa 4/2012, and b) replacement of the trees extracted by the site contractor, and, if there's not enough dirt to be moved around for sufficient landfill, c) cost for additional dirt. 3/22/12: CityEscape is to get us these C.O. amounts which have not yet been estimated or submitted to Pinnacle.

**TO BE DETERMINED**

Approved

**B.4 Independent Mechanical Pass-Through Cost (Bid Dated 10/19/12:**

Hook up of Gas from MSA to Compressor \$ 4,150.00

15% (Pinnacle General Contractor Margin) \$ 732.35

**Independent Mechanical Change Order Amount** **\$ 4,882.35**

Approved

**B.5 Helm Electric**

**Helm Electric Bid dated 11/02/11, accepted by Pinnacle**

**Power Option: \$ 39,900.00**

15% (Pinnacle General Contractor Margin) \$ 7,041.81

**\$ 46,941.18**

**a) Change Order #1** (dated 2/10/12) covered damages onsite to lighting feeds on 1/11/12 and 1/25/12; Removed light pole from base with bucket truck & driver (2/3/12); Repair lighting feed f/ building (2/7/12) and associated conduit repairs to all of the above; Installation of unistrut.

\$ 7,433.00

15% (Pinnacle General Contractor Margin) \$ 1,311.71

**\$ 8,744.71**

Approved

**b) Change Order #2** (3/9/12) CNG Installation – Supply labor and equipment to pull in ½” gas lines. Pulled lines from compressor pad to station island.

\$ 1,840.00

15% (Pinnacle General Contractor Margin) 324.70

**\$ 2,164.70**

Approved

**c) Change Order #3** (3/9/12)-CNG Installation (All extra work between 2/24 and 3/2/2012)

- Supply and install additional conduit runs as directed for the security system.
- Supply and install the 120V power distribution above grade on the canopy.
- Supply and install the conduit system for security above grade on the canopy.
- Additional rigid conduit work above grade in place of vaults.
- Lift rental.
- Installed unistrut as requested.

Labor 96 hrs \$ 11,040.00

Material & Lift Rental \$ 3,575.00

HELM C.O. #3 Amount **\$ 14,615.00**

15% (Pinnacle General Contractor Margin) \$ 2,579.00

**\$ 17,194.00**

Approved

**d) Change Order #4 (3/19/12) CNG Installation (All extra work between 3/7 and 3/15/2012)**

- Supply and install additional conduit runs below grade as directed for the security system.
- Supply and install additional conduit system for security above grade.

Labor 96 hrs	\$4,370.00
Material	<u>\$ 173.00</u>
HELM C.O.#4 Amount	<b>\$4,543.00</b>
15% (Pinnacle General Contractor Margin)	<u>801.70</u>
	<b>\$5,344.70</b>

Approved

**C. P.O. Line Item "J" Design – "Supplier will be responsible for Generating the detailed design drawings and specifications, which Company will review and approve. Supplier will be responsible for Project Management."**

Pinnacle Bid (6/24/11)/P.O. Approved Engineering Design cost **\$11,500**

Pinnacle/Supplier - Permitting plan required the production of more than 2 design sets of project drawings.  
 Cost overrun for (only) 2 sets of drawings: \$11,500 x 2 = \$23,000  
 (No Pinnacle Margin requested)

**Pinnacle Design Change Order Amount (Add) \$ 11,500**

Approved

**D. P.O. Line Item "K" Permitting Change Orders/Pass Through Costs**

a) **Permitting Cost Anticipated in Pinnacle Bid (6/24/12) & Accepted by Integrys P.O.** **\$ 11,500.00**

IPSA Original Contract for Permit Fees (dated 9/19/11)	\$ 28,900.00
<b>Minus \$11,500 (Pinnacle Bid 6/24/11 Amount)</b>	<b><u>- 11,500.00</u></b>
<b>Subtotal C.O. Amount to Pinnacle Bid Amount</b>	<b>\$ 17,400.00</b>
15% (Pinnacle General Contractor Margin)	\$ 3,070.59

Permitting Change Order (a) to P.O. Item "K" Amount **\$20,470.59**

Approved

**Permitting Extra: Survey of New Parcel for CNG Station Special Use Permit/  
Development of New PIN#**

Performed by Chicago Guarantee Survey, a Division of  
PLCS Corporation. Survey Order ID # 2011-15585  
dated 9/21/11.

**Survey for PIN# Change Order Amount** **\$ 780.00**  
15% (Pinnacle General Contractor Margin) **\$ 137.65**

Permitting Change Order (b) to P.O. Item "K" Amount **\$ 917.65**

**Approved**

c) **Permitting Extra (for Driveway Permit)**  
Survey required (11/29/11) to add Elevations to project drawings,  
per City of Chicago OUC (Office of Underground Mgmt.)  
request. This survey was used by IPSA to complete  
project drawings for Elston Avenue and secure the  
Driveway permits.

**Survey for OUC Elevations Change Order Amount** **\$ 2,950.00**  
15% (Pinnacle General Contractor Margin) **\$ 520.59**

Permitting Change Order (c) to P.O. Item "K" Amount **\$ 3,470.59**

**Approved**

d) **IPSA Permitting Fees outside of Contract Amount**  
IPSA Invoice #5 (dated 3/2/12) **\$ 4,275.57**  
15% (Pinnacle General Contractor Margin) **\$ 754.51**

Permitting Change Order (d) to P.O. Item "K" Amount **\$ 5,030.08**

**Approved**

e) **PGL's outside counsel (SNR Denton US, LLP)**  
Invoiced PGL for time/fees incurred for getting on the  
docket for the ZBA Hearing and attaining zoning approvals  
and the Special Use Permit during period  
9/31/11 – 10/21/11. Because PGL/Pinnacle are  
affiliated companies, these fees were not permissible  
to be paid by PGL. MSW submitted invoice for payment  
by Pinnacle. Amount is to be reimbursed to Pinnacle. 5%  
Pinnacle Margin Requested.

**SNR Denton Invoiced Amount** **\$ 21,011.93**  
5% (Pinnacle General Contractor Margin) **\$ 1,105.89**

Permitting Change Order (e) to P.O. Item "K" Amount **\$ 22,117.82**

**Approved**

Jeff E. Krueger, Project Manager  
Change Orders, Pg. 7

f) **PGL's Real Estate Appraiser (Terrence O'Brien & Co.)**

The appraiser invoiced PGL for costs for their professional services incurred for getting on the docket for the ZBA Hearing and attaining zoning approvals and the Special Use Permit during period 9/30/11 – 10/21/11. Because PGL/Pinnacle are affiliated companies, this additional fee was not permissible to be paid by PGL. MSWyrick routed this invoice for approval and payment by Pinnacle on 2/29/12 to SGBuck. Amount is to be reimbursed to Pinnacle. 5% Pinnacle Margin Requested.

<b>Terrence O'Brien &amp; Co. Invoiced Amount</b>	<b>\$ 3,000.00</b>
5% (Pinnacle General Contractor Margin)	<u>+ \$ 157.89</u>

Permitting Change Order (f) to P.O. Item "K" Amount **\$ 3,157.89**

Approved

**SUMMARY**

**TOTAL PERMITTING CHANGE ORDERS: \$55,164.62**

Jeff E. Krueger, Project Manager  
Change Orders, Pg.8

**E. P.O. Line Item "Y" Lighted Canopy with Company Logo and Color Scheme (TBD). Credit to Peoples Gas Light & Coke**

TFC Canopy Original Bid Amount to Pinnacle on 9/16/11	\$ 32,422.99
(\$ 32,422.99 rounded by PCSLLC to \$32,500/.80= \$40,625	
+ Estimated EXP Lighting (\$ 4,250) =	
P.O. Bid Amount Accepted by K.L. Jackson:	\$ 45,875.00

TFC Canopy orig. estimate did not include special paint, or Exp. Lighting, added <b>onto the final Pinnacle-accepted TFC bid:</b>	<b>\$ 43,664.68</b>
Plus Pinnacle 15% G.C. Margin	<u>+ \$ 7,705.53</u>
Actual Canopy Cost	<b>\$ 51,370.21</b>

Actual Cost difference between P.O.-accepted amount of \$45,875.00 and actual cost of \$51,370.00 is Change order Amount

Change Order Amount (Rev. from 3/20/11) **\$ 5,495.21**

Approved

**F. P.O. Line Item "AA"- "Allowance" for Cameras and Perimeter Detection Beams (Equipment, Installation, Testing, Programming and Project Management Included): \$88,000.00**

\$88,000 was the bid cost accepted by the P.O. (PGL understood that additional cameras

and eyes could be used and a Change Order to revise the cost/price would be submitted later.)

Summary of Security Items Cost:

• MidCo Bid (Pinnacle Accepted)	\$	38,005.00
• Helm Conduit and trenching Camera/Security	\$	8,600.00
• MidCo Hard Drive Surcharge	\$	500.00
• Performance Paving (Addition of price for Security Camera Trenches/Backfill/Asphalt Paving-based on new project drawings provided by Pinnacle on 10/30/11)	\$	7,427.00
<b>Actual Cost</b>	\$	<b>54,532.00</b>
Plus 15% (Pinnacle General Contractor Margin)	\$	9,623.29
<b>TOTAL ACTUAL CAMERA SECURITY COST</b>	<b>\$</b>	<b><u>64,155.29</u></b>

NET DEDUCT TO LINE ITEM "AA"

(\$88,000 - \$64,155.29)=

< \$ 23,844.71 >

Approved

NET AMOUNT CHANGE ORDERS, THIS SCHEDULE:

\$317,137.45

Jeff E. Krueger, Project Manager  
Change Orders, Pg.9

If the foregoing sets forth your understanding of our agreement concerning the above matters, please so indicate by initialing the box for each Change Order and signing a copy of this letter in the space provided below and returning such copy to the undersigned.

Very truly yours,  
PINNACLE CNG SYSTEMS, LLC

By: \_\_\_\_\_  
Drew Diggins, P.E.  
President

AGREED TO AND ACCEPTED  
this \_\_\_\_ day of \_\_\_\_\_, 2012

Integrays Business Support, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_  
Page 12 of 16

AGREED TO AND ACCEPTED

this \_\_\_\_ day of \_\_\_\_\_, 2012

Peoples Gas, Light & Coke Company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## Project Change Request

Project Information			
<b>Project Name:</b>	CNG Station – Division St.		
<b>Project Sponsor:</b>	Mark Radtke		
<b>Project Manager:</b>	Mike Wyrick – Jeff Krueger		
<b>Project Number:</b>	0023011046		
<b>Person(s) Requesting Change:</b>	Jeff Krueger		
<b>Change Number:</b> <i>(ex. PCR001):</i>	PCR #1		
<b>Type of Change Requested</b> (check all that apply):			
<input type="checkbox"/> Project Scope Change	<input checked="" type="checkbox"/>	<input type="checkbox"/> Project Budget Change	<input type="checkbox"/> Project Schedule Change
<input type="checkbox"/> Project Functionality Change	<input checked="" type="checkbox"/>	Other (specify): Purchase Order increase	
<b>Detailed Description of Change (include Preferred Solution):</b>			
<p>This project was for EPC services from Pinnacle CNG to Peoples Gas for the installation of a CNG filling station. During the course of contract negotiations, several scoped line items were un-priced by Pinnacle. In an effort to expedite the purchase of Pinnacle CNG by Integrys Energy Group, a final price was not determined for un-priced line items, instead an "allowance" was made for the un-priced line items.</p> <p>During the course of work, many field changes were required due to unforeseen issues surrounding the Division St. location and the City of Chicago permitting process. These changes were accumulated by Pinnacle CNG and conveyed to Peoples Gas near the conclusion of the project.</p> <p>This Project Change Request (and PO Change) is being written to cover the increase in the EPC contract written to Pinnacle CNG, as well as, the overall project budget.</p> <p>Original Project Budget - \$1,052,080 (PO amount to Pinnacle CNG)</p> <p>Change Orders - \$323,129</p> <p>New Project (PO) Total - \$1,375,209</p>			
<b>Reason for Change Requested:</b>			
To complete the signed contract with Pinnacle CNG Systems and cover the accumulated Change Orders.			
<b>Potential Impacts if Not Implemented:</b>			
Pinnacle CNG Systems will have grounds for legal action. All aspects of the signed contract have been met.			
<b>Effect on Project Scope:</b>			
<input type="checkbox"/> Scope Addition – WBS Elements Affected:			
<input type="checkbox"/> Scope Deletion – WBS Elements Affected:			
<b>Effect on Project Cost:</b>			
X - Estimated Cost Impact \$323,129			
X - New Estimate at Completion \$1,375,209			
<b>Effect on Schedule:</b>			
<input type="checkbox"/> Planned Project Completion Date:			
<input type="checkbox"/> New Estimated Project Completion Date:			
<b>Reviewers Recommendation:</b>			

<input type="checkbox"/> Approved <input type="checkbox"/> Not Approved			Project Manager <i>[Signature]</i>	Date: 7/20/12
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Not Approved			Project Sponsor - <i>[Signature]</i> / Mark A. Radtke	Date: 7/19/2012
<input type="checkbox"/> Approved <input type="checkbox"/> Not Approved			Other	Date:
<b>X-Process a Change Order for Requisition/Purchase Order #:</b>		6600013441		
		<b>Vendor Name:</b>	Pinnacle CNG Systems	
		<b>X- Add or <input type="checkbox"/> Delete</b>	\$ 323,129	

**Krueger, Jeffrey E**

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**From:** Radtke, Mark A  
**Sent:** Thursday, July 19, 2012 8:58 PM  
**To:** Krueger, Jeffrey E  
**Cc:** Giesler, David D  
**Subject:** RE: CNG Division St - Final Change Order  
**Attachments:** CNG Station PCR #1.docx

Jeff,

Sorry for the delay on this. It has been a while since we talked about the various line items that are imbedded in this total overrun amount. When we last talked you mentioned that we (PGL) were not disputing the legitimacy of the charges, even though we did not anticipate they would be so large.

If that remains the case, I am providing my approval of this CO.

Thanks.

-Mark

Sender's contact information:

Mark A. Radtke  
Integrays Energy Group  
920-617-6053  
[MARadtke@IntegraysGroup.com](mailto:MARadtke@IntegraysGroup.com)

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**From:** Krueger, Jeffrey E  
**Sent:** Thursday, June 21, 2012 11:04 AM  
**To:** Radtke, Mark A  
**Cc:** Giesler, David D  
**Subject:** CNG Division St - Final Change Order

Mark,

This is the final change order for the Division St. CNG project. This should be the final total after all is complete. We previously discussed the changes (a month or so ago) and the final invoice from Pinnacle has arrived.

Of note, this is an increase to the Purchase Order, as well as, an increase to the overall project budget.

Please review this CO and comment.

Thank You,  
Jeff

Jeff Krueger, P.E.  
Project Manager II  
Integrays Business Support, LLC  
Phone - (920)433-5505  
Cell - (920)680-5465



**Data Request: DAS-26.04**

DAS-26.04 Regarding the attachment to the Companies' response to Staff DR DAS-23.03(c), please provide the "document from the "Project Manager Jeff Krueger that summarizes the rationale for acceptance (dated 7/26/11)" referenced on page 3.

**Response:**

Please see the attachment.

July 26, 2011

Project No 0023011046

Green Bay

**CONFIDENTIAL WITHIN IBS - BID DATA**

IBS – Peoples Gas – Division Street  
Compressed Natural Gas (CNG) Filling Station - EPC  
RFP- xxxxxxxxxx, Project No 0023011046

**Bid Evaluation / Recommendation**

M A Radtke	IES - DePere
J Caro	PRU - 19
E A Calvin	IES - Houston
C A Koontz	IES - Galena
R D Johnsen	DIV – 1
L G Starosta	DIV – 1
M S Wyrick	DIV – 1
K L Jackson	PRU - 22

**Introduction**

This evaluation is for the Engineering, Procurement and Construction (EPC) of a Compressed Natural Gas (CNG) filling station located at the Division Street building. This station will be provided for the general public and will function very similar to a standard fueling station for gasoline/diesel vehicles.

This project is partially funded by a grant issued by the Department of Energy, via the City of Chicago, who in turn contracted the Gas Technology Institute (GTI) to administer the grant funds. This grant is for the development of alternative fuels deployment. It is expected that the grant will provide approximately \$600,000 towards the final cost of the project.

An RFP was issued to two companies that have experience in the CNG public dispensing arena. These two companies were pre-selected based upon prior knowledge and history of successful installations with other companies.

**Pricing**

The bids are as follows:

<b><u>Vendor</u></b>	<b><u>Total Installed Cost</u></b>	<b><u>Mobilize</u></b>	<b><u>Length</u></b>	<b><u>Safety</u></b>	<b><u>Exceptions</u></b>
Pinnacle	\$ 1,052,080	APO	5 months	N / A	None
Duel Fuels	\$ 989,099	APO	5 months	N / A	Many

## **Non-Price Data**

For both vendors, it appears that the technical specifications were met, however, Pinnacle offered an alternative solution with an increased horsepower compressor to better meet the expected needs of the customers. In addition, the bid from Duel Fuels included many “extras” that were considered “standard” by Pinnacle. The technical offering from Pinnacle ended up being superior after all things were included.

For safety data, none is available at this time. Once Pinnacle is awarded a PO, the contractor selection process will begin and Integrys does have a say in the final selection.

## **Terms & Conditions**

Firm Lump Sum Price.

## **Schedule**

Quoted delivery is within timeframe for all offerings.

## **Recommendation and Comparison to Estimate**

It is recommended to award the CNG Station at Division Street to Pinnacle for a total cost of \$ 1,052,080.

Although Duel Fuels has offered a lower price, the technical offering is as robust or equal to the offering from Pinnacle. In addition, the “extras” listed by Duel Fuels were “standard” equipment from Pinnacle.

Please have any comments or questions to me by noon on 8/1/2011, as a purchase requisition will be issued.

Jeff Krueger  
REG x5505

**Data Request: DAS-18.02**

DAS-18.02 Regarding the Companies' multiple responses and attachments to Staff DR DAS-10.12i, please provide the following information.

- a. Provide the "change order detail was submitted to Jeff E. Krueger for review by email on 2/9/12 with supporting documentation."
- b. What contract is referred to by the reference "the 15% general contractor margin (per contract) that were required but not originally included"? Provide a specific citation to the text from this document. If the document has not been provided, please provide the document.

**Response:**

- a. Please see the attachments.
- b. The contract is the construction contract. The attachments to this data request describe the 15%.

**Supplemental Response:**

- b. Peoples Gas has not identified a contract document that specifies the 15%.

PINNACLE PRELIMINARY CHANGE ORDER RECAP - 2/2/12							
PEOPLES GAS PUBLIC CNG FUELING STATION							
CHANGE ORDER NO.	DATE	CONTRACTOR	CONTRACTOR CO# or Inv. #	DESCRIPTION	CONTRACT AMOUNT (\$)	FINAL APPROVED AMOUNT (\$)	NOTES (for Pinnacle or PGL to complete)
Jimmy Plse Review	PERFORMANCE CONSTRUCTION	CO#1 (11/5/11) \$22,180	Trash Enclosure concrete pad (4" pad over vapor barrier, pad reinforced w/ 6" x 6" 1.4x1.4 wire mesh, Install 6" compacted CA-6 Gravel	\$2,663.00	Frank, can you check and see if we should be credited back this amount (possibly doubled in CO#2?)	\$22,180.00	
			Security Camera Trenches (excav. Approx 445 LF x 12" wide x 24" deep, removed excavated mtl.s., backfill with sand fill, pave with 6" asphalt over trenches.	\$7,427.00	Per Jimmy, Frank owes us this amount back due to revised scope of bid on Line 9.		
			Add'l excavation and concrete curb for L/S island. Install approx. 496 LF additional concrete B6-12 curb.	\$12,090.00			
			<b>Total \$\$ C.O. #1:</b>	<b>\$22,180.00</b>			
Jimmy Plse Review	PERFORMANCE CONSTRUCTION	CO # 2 (2/1/12); \$40,025.00	Trash Enclosure concrete footings, slab and CMU wall (Proposal dated 11/15/11)	\$13,700.00			
			Soil Remediation (excavation, hauloff, backfill)	\$16,655.00			See J.L.Butts' Daily Report dated 1/19/12 . See Sue's notes from 1/24/12 weekly Telecon: Spoils Remediation and disposal to certified site to be handled as a CO. (Sue: Call Frank to see if WM rolloff is rented by him and cost covered in this soil remediation CO?)
			Additional Framing Time & Extra concrete needed over retention vault	\$4,320.00			
			Frame & Pour 6" concrete slab behind curb for fencing contractor (260 sf)	\$5,350.00			
			<b>Total \$\$ C.O. #2:</b>	<b>\$40,025.00</b>			

2/9/12: Spoke with Mike Wyrick regarding the approved Cost Plus (Plus rate for Pinnacle's markup) acceptable by PGL. We looked thru the P.O. and could not locate where the "Plus" % is spelled out. We will submit these CO's with Pinnacle's standard 15% margin, for PGL's review.

CHANGE ORDER NO.	DATE	CONTRACTOR	CONTRACTOR CO# or Inv. #	DESCRIPTION	Contract Line Item	CONTRACT AMOUNT (\$)	FINAL C.O. \$ AMOUNT TO BE APPROVED	NOTES (for Pinnacle or PGL to complete)
A	11/17/2011	PINNACLE CNG SYSTEMS, LLC		Change K-rail protection to Bollards to no protection at all now. Now 2 on each end of fuel island only.	P.O. Line Item "A" FUEL ISLAND	\$87,800.00	(Add) \$900.00	Time spent to redo prints: 6 hrs x \$150.00/hour (for all personnel hours-draftsman, Wesley, Drew and Jimmy Butts, between Nov. 15-20, 2011.
B		PINNACLE CNG SYSTEMS, LLC	PINNACLE BID DATED 6/24/11	"Respondent's scope of work will include all concrete work, curb cuts and relocation or replacement of fencing. Pass through cost + Pinnacle Margin (15%)	P.O. Line Item "I" SITE WORK	Bid and P.O. have no contract amount. Verbage states: that Pinnacle was "Waiting on Approved Drawings"	Pass through cost + Pinnacle Margin (15%)	
			NOTE #1	Not including Pinnacle Scope (Line Item "A")/\$87,000 (Fueling Island)			N/A	
			NOTE #2	Not including Canopy			N/A	
			NOTE #3	Utilities: Have scope of Pinnacle contractors' work included moving and/or abandoning utilites or only utility service extensions?				As of 2/9/12, only "service extension". No abandoning or moving of utilities.
B1				1) Including Performance Paving (except camera trenching);		\$125,615.00	Calculated to date Performance Paving Cost + 15% = \$144,457.25	\$125,615 x 15% (\$18,842.25) = \$144,457.25
B2				2) Includes Peerless Fencing amount		\$51,819 (- \$4,500 if re-using the 8' high panels removed from fence line along Elston Ave, on one of the side fence lines instead of using new panels) = \$47,319	Calculate all Peerless Fencing Costs at end of project + 15%	
B3				3) Includes Landscaping Contractor amount		\$11,684.38	Calculate all Landscaping costs at end of project + 15%	
B4				4) Includes Independent Mechanical hook up of gas		\$4,150.00	\$4,150.00	
C	9/13/11 - 11/3/11 (approx. end date)	Pinnacle CNG Systems, LLC	PINNACLE BID DATED 6/24/11	Engineering Design (Bid Amount approved by P.O. was \$11,500. Permitting plan required the production of more than 2 designs. Cost overrun for (only) 2 sets of drawings: \$11,500 x 2 = \$23,000	PO Line Item "J" DESIGN	\$11,500.00	\$26,450.00	\$23,000 x 15% (\$3,450) = \$26,450
D		PINNACLE CNG SYSTEMS, LLC	PINNACLE BID DATED 6/24/11		P.O. Line Item "K" PERMITTING	\$11,500.00		
D1		IPSA	ORIG. CONTRACT (9/19/11)	IPSA ORIGINAL CONTRACT DATED 9/19/11: \$28,900 FOR PERMITTING - IPSA Expeditor Cost is a Pass-through Cost to PGL	P.O. Line Item "K" PERMITTING	\$28,900.00	\$33,235.00	Invoices/Payments to Date: (\$24,690) 1) \$12,000 down payment (9/19/11)-Paid 2) INV.#1: \$ 5,800 (11/11/11)-Paid 3) INV #2: \$3,625 (1/20/11) sent to TEGS A/P 4) INV #3: \$1,340 (1/16/12) sent to TEGS A/P 5) INV #4: \$1,925 (2/3/12) sent to TEGS A/P If IPSA comes in at contract amount: \$28,900 x 15% (\$4,335) = \$33,235
D2	9/13/2011	SNR Denton US, LLP	Inv. 13338776, dated 11/11/11	PGL's outside Counsel's invoice for time and fees incurred during period 9/13/11 -10/21/11 covering collecting information for Economic Disclosure, etc. to get on City Hall Docket for ZBA Hearing/Zoning Approvals/Permit.	Additional "K"	\$21,011.93	\$24,163.72	Mike Wyrick delivered this invoice to Pinnacle 1/24/12. As PGL & Pinnacle are "affiliated companies", PGL's fees cannot be paid for by PGL, but must be paid by Pinnacle and handled as a change order, with PGL to reimburse. MSW worked up the accounting on the invoice on 1/24/12, so Sue's understanding is that the invoice has been submitted for payment by Pinnacle. Pinnacle General Contractor markup 15%: \$3,151.79 brings CO to \$24,163.72

2/9/12: Spoke with Mike Wyrick regarding the approved Cost Plus (Plus rate for Pinnacle's markup) acceptable by PGL. We looked thru the P.O. and could not locate where the "Plus" % is spelled out. We will submit these CO's with Pinnacle's standard 15% margin, for PGL's review.

CHANGE ORDER NO.	DATE	CONTRACTOR	CONTRACTOR CO# or Inv. #	DESCRIPTION	Contract Line Item	CONTRACT AMOUNT (\$)	FINAL C.O. \$ AMOUNT TO BE APPROVED	NOTES (for Pinnacle or PGL to complete)
D3	9/21/2011	Chicago Guarantee Survey, a div. of PLCS Corp.	Order ID 2011-15585	Survey of New Parcel for CNG Station Special Use Permit/Development of New Pin#	Additional "K"	\$780.00	\$897.00	Invoice Amt. \$780.00 + 15% (\$117) = \$897.00
D4	11/29/2011	Chicago Guarantee Survey, a div. of PLCS Corp.	Order ID 2011-15892; 1124-48 N. Elston St.	Re: Order #2009-12912 - Add elevations as per Proposal dated 11/29/11. (City of Chicago OUC request)	Additional "K"	\$2,950.00	\$3,392.50	\$2,950 x 15% (\$442.50) = \$3392.50
E	6/23/2011	TFC Canopy	Bid Amount Accepted by Integrys: \$40,625.00.	Original bid price to PGL for canopy did not include Class I Div 2 lighting, painting (special paint) and painting of all structural members.	P.O. Line Item "Y"	\$40,625.00	\$43,664.68	1) EXP lighting added \$4,892.19 2)Special Paint/Additional Material Cost added \$6,349.50 Final Net Price (11/28/11): \$43,664.68 (No Pinnacle Margin requested)
F	10/25/2011	MIDCO, Inc.	MIDCO Orig Bid 10/18/11(never executed); Rev. 10/25/11 Executed: \$38,005. C.O. will be calculated as actual cost + 15% and be a pass-through charge to PGL. PGL original bid allowance \$88,000	Camera/Security Scope of Work and conduit has been changed several times MidCo will be PCC's sub.	P.O. Line Item "AA"	\$88,000	?	10/20/11Telecon between Jim Esbrook/WW/CT: WW is revising Trenching diagram to include perimeter trenching for Security system and CT to prepare conduit/wire pulls for their signal wiring and power wires; MidCo to piggyback to PCC's interior site trenching and conduit runs; PCC Revision of Electrical Drawings to include electrical scope for Security/Cameras, Power needs and Electrical tie in. Will involve any abandoning or moving of utilities or service extensions? (Victor will know when re-doing prints.)2/3/12: JLB is waiting on phone call from Midco that will affect what conduit Helm has to buy for the camera run(s). Right now, Jay is ok with his bid (No CO's, per JLB). If Jay "Comes out ok on his bid", there will be no CO from Helm on camera scope. \$38,005 + (Performance Paving \$7,427 from CO#1 is included as a portion of the final approved CO)

**PINNACLE SUBCONTRACTORS: CHANGES TO ORIGINAL BIDS SUBMITTED (Submitted for clarification of change orders above)**

1	10/7/2011	PERFORMANCE CONSTRUCTION	Original Job Bid			\$73,500.00		
1a	11/5/2011	PERFORMANCE CONSTRUCTION	CO#1 (11/5/11) \$22,180	Trash Enclosure concrete pad (4" pad over vapor barrier, pad reinforced w/ 6" x 6" 1.4x1.4 wire mesh, Install 6" compacted CA-6 Gravel		\$2,663.00	Jimmy has handled this with Frank. Pinnacle requested that we be credited back \$2,663.00 (doubled in CO#2)	
				Security Camera Trenches (excav. Approx 445 LF x 12" wide x 24" deep, removed excavated mtl., backfill with sand fill, pave with 6" asphalt over trenches.		\$7,427.00	n/a	\$2,663.00
				Add'l excavation and concrete curb for L/S island. Install approx. 496 LF additional concrete B6-12 curb.		\$12,090.00		
				<b>Total \$\$ C.O. #1:</b>		<b>\$22,180.00</b>	\$19,517.00	
1	2/1/2012	PERFORMANCE CONSTRUCTION	CO # 2 (2/1/12); \$40,025.00	Trash Enclosure concrete footings, slab and CMU wall (Proposal dated 11/15/11)		\$13,700.00		
				Soil Remediation (excavation, hauloff, backfill)		\$16,655.00		See J.L.Butts' Daily Report dated 1/19/12 . See Sue's notes from 1/24/12 weekly Telecon: Spoils Remediation and disposal to certified site to be handled as a CO. (Sue: Call Frank to see if WM rolloff is rented by him and cost covered in this soil remediation CO?)
				Additional Framing Time & Extra concrete needed over retention vault		\$4,320.00		
				Frame & Pour 6" concrete slab behind curb for fencing contractor (260 sf)		\$5,350.00		
				<b>Total \$\$ C.O. #2:</b>		<b>\$40,025.00</b>		
	1/25/2012	PERFORMANCE CONSTRUCTION		Hit clay sewer while digging in S. Canopy base. Repaired with sleeve and concrete.				Frank handled this one on his own and probably will not result in a C.O. He is not charging us for every little thing.

2/9/12: Spoke with Mike Wyrick regarding the approved Cost Plus (Plus rate for Pinnacle's markup) acceptable by PGL. We looked thru the P.O. and could not locate where the "Plus" % is spelled out. We will submit these CO's with Pinnacle's standard 15% margin, for PGL's review.

CHANGE ORDER NO.	DATE	CONTRACTOR	CONTRACTOR CO# or Inv. #	DESCRIPTION	Contract Line Item	CONTRACT AMOUNT (\$)	FINAL C.O. \$ AMOUNT TO BE APPROVED	NOTES (for Pinnacle or PGL to complete)
2	Feb. 2012	Performance Construction		Demo of base of electric pole		?		Frank did not provide a price to do this. We only spoke about in email (11/9/11), but Performance never sent the price to us in bid format. Jimmy talked to Frank. This amount will be reflected on the 2nd Invoice Frank sends (after work stops until Driveway Permits are issued, circa 2/13/12).
3	12/15/2011	Pinnacle CNG Company/HELM Electric		When DD requested Lawrence to Bill Items D+E of PGL P.O. (Dryer and Storage), (25% + 25% = 50% more than 1st 25% billed) and \$39,900 (for Phase 1 Helm Scope of Work), DD said we would handle the rest of the electrical as a C.O. later (after work is complete). Pinnacle has billed PGL for the \$39,900 (Phase I Helm Electric). All other Electrical work for Helm will be a CO.		Note: 2/9/12 Jimmy is waiting on Helm to issue change orders somewhat		
3a	1/11/2012	HELM ELECTRIC	Unknown	PGL Site "As-Built" drawings used on this project did not show two parallel u/g electrical conduits serving parking lot lights. Performance Construction hit the conduits. Helm Electric was asked to repair, and PGL informed JLButts that PGL will pay for repairs.		?		
3b	1/25/2012	HELM ELECTRIC		Performance Construction hit conduit for parking lot lights while digging in N. Canopy base. This conduit will have to be relocated outside of base area. Breaker turned off. Helm contacted to make repairs 1/26/12.		?		Jimmy is going to request that Jay at Helm get his C.O.'s in to us. (2/3/12). All CO's Jay has now, are for the 2 conduits broken (2nd was in compressor area earlier in project work)
3c		HELM ELECTRIC		Need a CO for Helm to remove light pole from base; conduit must be located u/g (90's must be cut out and new wire laid straight to next pole). Damaged wire in Conduit hit at N. Canopy base will be involved in this CO also. (lines were related/tied together, per JLB)		?		Jimmy is going to request that Jay at Helm get his C.O.'s in to us. (2/3/12)
3d		HELM ELECTRIC		2/3/12: JLB is waiting on phone call from Midco that will affect what conduit Helm has to buy to do the cameras. Right now, Jay is ok with this part of his bid (No CO's, per JLB). If Jay "Comes out ok on his bid, there will be no CO here from Helm".				
3e		HELM ELECTRIC's Sub: Contractor's Power and Light		Removal with pole truck of 30' parking lot light assembly from pedestal		No bill received yet (2/8/12)		

**Data Request: DAS-23.01**

DAS 23.01 Regarding the Companies' response to Staff DR DAS-21.02(d) which states "The source of the recalculations was a spreadsheet used to analyze approved versus actual costs, created by IBS Accounting from procurement data, information accumulated by the Project Services Project Manager or provided by Pinnacle," please provide the following information:

- a. Provide the spreadsheet referred to in the response to DAS 21.02(d).
- b. Was the \$163,723 credit related only to change orders?
- c. For each discrepancy, explain the reason that resulted in approved costs exceeding actual costs.
- d.

**Response:**

- a. Please see the attachments.
- b. Yes, the \$163,723 credit was related only to change orders.
- c. Please see the attachment.

**Supplemental Response:**

c. The entire difference is due to errors in Pinnacle's calculation of their markup on the proposed change orders. Pinnacle divided the proposed change orders by 0.85 instead of multiplying by 115%.

For example, the error for the proposed change order for Site Work is:

Pinnacle submittal

- Additional cost of site work: \$56,920
- Pinnacle markup calculation: divide cost by .85
- Pinnacle submitted change: \$66,964.71

Peoples Gas correction

- Additional cost of site work: \$56,920
- Agreed upon markup: multiply 115%
- Peoples Gas Approved change: \$65,458.00

Please see the attachment for an explanation of all of the differences between Pinnacle's proposed change order amounts and Peoples Gas' approved (and actual) costs.

EXPLANATION OF THE DISCREPANCY BETWEEN ANY APPROVED (CHANGE ORDER) COSTS AND THE ACTUAL (CHANGE ORDER) COSTS

Bid Package Reference	Bid Package Line Items	Pinnacle Change Order Amount (CO)	PGL Approved CO Amount	Difference in CO and Approved CO	Explanation of CO Variance
A	Fuel Island	\$900.00	\$900.00	\$0.00	No change
B	Dispenser	\$0.00	\$0.00	\$0.00	
C	Compressor Package	\$0.00	\$0.00	\$0.00	
D	Dryer	\$0.00	\$0.00	\$0.00	
E	Storage	\$0.00	\$0.00	\$0.00	
F	Time fill Integration	\$0.00	\$0.00	\$0.00	
G	Priority & ESD Controls	\$0.00	\$0.00	\$0.00	
H	Remove existing Compressor	\$0.00	\$0.00	\$0.00	
I	Site Work	\$66,964.71	\$65,458.00	-\$1,506.71	Pinnacle error in markup
J	Design	\$11,500.00	\$11,500.00	\$0.00	No change
K	Permitting	\$55,164.62	\$54,428.94	-\$735.68	Pinnacle error in markup
L	Procurement	\$0.00	\$0.00	\$0.00	
M	Installation/Site Prep	\$0.00	\$0.00	\$0.00	
N	Start Up and Commissioning	\$0.00	\$0.00	\$0.00	
O	Scheduling & Wages	\$0.00	\$0.00	\$0.00	
P	American Recovery Act	\$0.00	\$0.00	\$0.00	
Q	Buy America	\$0.00	\$0.00	\$0.00	
R	SUB Additional Storage	\$0.00	\$0.00	\$0.00	
S	SUB 4" gas Service	\$0.00	\$0.00	\$0.00	
T	Electrical connection	\$0.00	\$0.00	\$0.00	
U	Additional Sound attenuation	\$0.00	\$0.00	\$0.00	
V	Add Time fill per Quad K Rail	\$0.00	\$0.00	\$0.00	
W	Sub 250 BHP Compressor	\$0.00	\$0.00	\$0.00	
X	SUB Dryer for 250 BHP	\$0.00	\$0.00	\$0.00	
Y	Lighted Canopy	\$5,495.21	\$4,339.38	-\$1,155.83	Pinnacle error in markup
AA	Camera security	-\$23,844.71	-\$25,288.20	-\$1,443.49	Pinnacle error in markup
	Mechanical	\$4,882.35	\$4,772.50	-\$109.85	Pinnacle error in markup
	Electrical	\$80,389.29	\$78,580.65	-\$1,808.64	Pinnacle error in markup
	Site	\$0.00	\$0.00	\$0.00	
	Fencing	\$68,122.00	\$66,589.60	-\$1,532.40	Pinnacle error in markup
	Landscaping (Performance Paving)	\$47,563.98	\$46,493.79	-\$1,070.19	Pinnacle error in markup
Subtotal	Subtotal	\$317,137.45	\$307,774.66	-\$9,362.79	
Z	Lighted fuel price display	\$5,117.76	\$5,117.76	\$0.00	No change
	Landscaping (CityEscape)	\$3,826.63	\$3,826.63	\$0.00	No change
	Landscaping (CityEscape)	\$4,140.00	\$4,140.00	\$0.00	No change
	Landscaping (CityEscape)	\$1,851.50	\$1,851.50	\$0.00	No change
Subtotal	Subtotal	\$14,935.89	\$14,935.89	\$0.00	
Grand Total	Grand Total	\$332,073.33	\$322,710.54	-\$9,362.79	Pinnacle error in markup

March 21, 2012 Change Order package
Supplemental Change Orders
Sub-Totals
Grand Totals

**Data Request: DAS-21.04**

DAS-21.04 Regarding the Companies' response to Staff DR Docket No. 12-0299 DAS-2.02(b) which states, "[t]he \$857,692 was the estimate of all the costs related to the construction of the facility less the estimated grant amount" and the Companies' response to Staff DR Docket No. 12-0299 DAS-5.05(b) which states, "At the time the budget was done, the CNG station was not completed and so an estimate of the completed cost was put in the budget" and the attachment to Staff DR Docket No. 12-0299 5.02(c), please provide the following information:

- a. Provide the "estimate of all the costs related to the construction of the facility" that was used in the 2012 rate case.
- b. By what date were the amounts in this estimate finalized?
- c. Provide the derivation of the \$857,692 rate base amount.
- d. Where Change Order forecasts included in the "estimate of all the costs related to the construction of the facility"?
- e. Was the credit of \$163,723 reflected as a credit in the "estimate of all the costs related to the construction of the facility"?
- f. Provide the "estimated grant amount" that was used in the 2012 rate case.
- g. By what date were the amounts in this estimate finalized?
- h. Provide the estimate of the completed cost was put in the budget.
- i. On what date were the amounts in this budget finalized?
- j. For the attachment to 5.02(c), provide the date that each cost or payment listed was incurred or received.
- k. For the attachment to 5.02(c), indicate which amounts were included in the "estimate of all the costs related to the construction of the facility" in Docket No. 12-0512.

**Response:**

- a. The amount used in the 2012 rate case was the \$857,692 which was the actual cost of the project charged to capital through December, 2011. Please see the attached revised supplemental response to DAS 2.02(b) (Docket 12-0299).
- b. The costs were actual costs through December 2011. Please see response to subpart a.
- c. The costs were actual costs through December 2011. Please see response to subpart a.
- d. Please see response to subpart a. The amount in the rate case was actual costs and not forecast costs.
- e. No, the credit of \$163,723 was not reflected in the \$857,692.
- f. There was no grant amount in the 2012 rate case amount of \$857,692.
- g. The costs were actual costs through December 2011. Please see response to subpart a.
- h. The costs were actual costs through December 2011.
- i. The costs were actual costs through December 2011. Please see response to subpart a

- j. Please see DAS 21.04 Attach 01.
- k. Please see DAS 21.04 Attach 01.

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket No. 12-0273

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**Data Request: DAS-16.01**

Regarding the Companies' supplemental response to Staff DR DAS-14.05(a), which states that "Peoples Gas paid the following vendors for the construction of the CNG station," for each vendor listed please provide the following information.

- a. How much was each vendor paid?
- b. When did the payment occur?
- c. Under which subcategory of the charge to PNGV Corp. did the work done by each vendor fall?

**Response:**

- a. Please see Attach 01.
- b. Please see Attach 01.
- c. Peoples Gas does not have the invoice detail that would break out the charges into the subcategories on the charge to PNGV Corp.

DAS 16.01  
Attach 01

The Peoples Gas Light and Coke Company

	Amount Paid	Months of Payment	
Amoco	\$ 139,200.00	Jan-96	
Aurora Technology	2,748.00	Feb-96	
EDO Corporation	103,956.97	Dec-95-May-96	
GF Structures Corporation	14,796.00	Apr-96-Jun-96	
Helm Electrical Services	61,303.00	Mar-96-May-96	
Hurricane Compressor			was inadvertently included on list in DAS 14.05 - should not have been
Phoenix Systems and Service	20,807.88	Mar-96	
Polmex Construction	123,269.82	Jan-96-Mar-96	
STS Consultants	4,494.75	Feb-96	
Ward, EJ Inc	9,388.00	Jan-96	
Total	\$479,964.42		

Peoples Gas cannot reconcile the difference between the vendor payments and the total charge to PNGV.  
However, Peoples Gas was also using the station so a portion of the costs could have been allocated to them.

**Data Request: DAS 7.01**

The Peoples Gas responses to Staff DR Docket No. 12-0511/12-0512c. DAS-11.02a states as follows:

“Peoples Gas has never owned or operated a public CNG station prior to the current Division St. facility. A former unregulated affiliate, Peoples Natural Gas Vehicle Corp (PNGV Corp) did operate a public station at the Peoples Gas Division St. facility, 1241 W. Division St. While exact dates of operation are unknown, the facility was operated from the late 1990s to early 2000s. The station was closed because PNGV Corp ceased to exist.”

Regarding this response, please provide the following information:

- a. Provide any Securities and Exchange Commission filing(s) by PNGV Corp or its parent that reference the ending of PNGV Corp.
- b. Did Peoples Gas provide any tariffed services to PNVG Corp? If yes, list all tariffed services provided.
- c. If yes, provide the dates that Peoples Gas billed PNVG Corp for service.
- d. If yes, provide the amounts Peoples Gas billed PNVG Corp for each month.
- e. If yes, provide the bills.
- f. Did Peoples Gas provide any non-tariffed services to PNVG Corp? If yes, list all non-tariffed services provided.
- g. If yes, provide the dates that Peoples Gas billed PNVG Corp for service.
- h. If yes, provide the amounts Peoples Gas billed PNVG Corp for each month.
- i. If yes, provide the invoices.
- j. If yes, provide a citation to any Affiliated Interest Agreement that allowed Peoples Gas to provide those services to PNVG Corp.
- k. If, yes, provide any Memorandum of Understanding between Peoples Gas and Peoples GNVG Corp.
- l. Did PNVG Corp provide any services to Peoples Gas? If yes, list all services provided.
- m. If yes, provide the dates that PNVG Corp billed Peoples Gas.
- n. If yes, provide the amounts PNVG Corp billed Peoples Gas for each month.
- o. If yes, provide the invoices.
- p. If yes, provide a citation to any Affiliated Interest Agreement that allowed PNVG Corp to provide services to Peoples Gas.
- q. If yes, provide any Memorandum of Understanding between Peoples Gas and Peoples GNVG Corp.

**Response:**

- a. Attached is Peoples Energy Corporation's 2005 10-K report, which notes that Peoples Energy Corporation "liquidated its investments in Peoples NGV Corp. (Peoples NGV) in the first quarter of fiscal 2003." Other Peoples Energy Corporation SEC filings include a similar note. Such filings are publicly available on the SEC's EDGAR site or on Integrys Energy

North Shore Gas Company/The Peoples Gas Light and Coke Company  
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Group, Inc.'s Internet website (Investor Relations portion of the website includes past SEC filings by Peoples Energy Corporation and others).

b. Yes. PNGV Corp was served under Service Classification No. 8, Compressed Natural Gas Service, from April 1, 1996 to September 16, 2003.

c. Peoples Gas billed PNGV Corp for services from April 1, 1996 through September 16, 2003.

d. Peoples Gas billed PNGV Corp \$114,703.65 for services from February 14, 2000 through September 16, 2003. Peoples Gas does not have bill information for periods prior to February 14, 2000.

e. Please see the attachment for the monthly amounts billed to PNGV Corp from March 2000 to September 2003. Peoples Gas does not have the monthly amounts billed to PNGV for periods prior to February 14, 2000.

f. No.

g. N/A

h. N/A

i. N/A

j. N/A

k. N/A

l. No.

m. N/A

n. N/A

o. N/A

p. N/A

q. N/A

**Corrected Response:**

- f. Yes, Peoples Gas billed PNGV Corp for rent for use of the land that the station was on.
- g. Peoples Gas provided this service from January, 2003 – September, 2003. Data prior to this is in another accounting system and not readily available.
- h. Peoples Gas billed \$3,354.69 each month for January, 2003 – September, 2003. Data prior to this is in another accounting system and not readily available.
- i. Invoices were not created in the previous accounting system.
- j. The Commission approved for Peoples Gas and its affiliates an intercompany services agreement in Docket 55071. The Services and Transfers Agreement approved in Docket 06-0540 replaced that agreement.
- k. Attached, please see the agreement referenced in the response to subpart (j).

**Supplemental Response:**

North Shore and Peoples Gas object to this data request on the grounds that the information sought is not relevant to the subject matter of this proceeding and is not reasonably calculated to lead to the discovery of relevant and admissible evidence.

Without waiving this objection, North Shore and Peoples Gas state as follows:

- h. Please see PGL DAS 7.01 h for the amounts that Peoples Gas billed PNGV Corp. For 1997, 1999, 2001 and 2002. Peoples Gas has not located tthe support for the amounts billed for 1998 and 2000.
- i. Invoices were not produced in the previous accounting system or the one before that.
- j. Please see Paragraph 1(a) providing for general corporate services.

Docket Nos. 12-0273/13-0612 (Cons.)  
 ICC Staff Exhibit 1.0  
 Attachment A1  
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PGL DAS 7.01 h

PNGV

Fiscal 2002  
 October 2001 - September 2002

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Item 1 Rent Expense	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	40,256.28
item 2 Labor Rebill	2,023.53	194.51	5,695.62	6,339.83	4,021.23	6,921.07	7,719.11	8,601.34	4,736.34	4,731.20	2,579.10	1,766.76	55,329.64
item 4 Supplies						280.36	790.00	265.10					1,335.46
	<u>5,378.22</u>	<u>3,549.20</u>	<u>9,050.31</u>	<u>9,694.52</u>	<u>7,375.92</u>	<u>10,556.12</u>	<u>11,863.80</u>	<u>12,221.13</u>	<u>8,091.03</u>	<u>8,085.89</u>	<u>5,933.79</u>	<u>5,121.45</u>	<u>96,921.38</u>

Fiscal 2001  
 October 2000 - September 2001

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Item 1 Rent Expense	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	40,256.28
item 2 Labor Rebill	10,485.40	9,978.13	10,513.88	13,166.73	15,370.54	11,418.69	9,711.44	10,861.40	4,199.78	8,789.65	9,896.11	2,375.46	116,767.21
item 4 Supplies	87.80		13.71										101.51
	<u>13,927.89</u>	<u>13,332.82</u>	<u>13,882.28</u>	<u>16,521.42</u>	<u>18,725.23</u>	<u>14,773.38</u>	<u>13,066.13</u>	<u>14,216.09</u>	<u>7,554.47</u>	<u>12,144.34</u>	<u>13,250.80</u>	<u>5,730.15</u>	<u>157,125.00</u>

Fiscal 1999  
 October 1998 - September 1999

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Item 1 Rent Expense	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	40,256.28
item 2 Labor Rebill	1,105.37	1,714.23	384.48	575.91	1,508.65	6,489.46	9,265.38	8,192.09	329.33	17,352.18	8,164.41	8,328.94	63,410.43
item 4 Supplies	(0.79)					48.11	(198.16)		182.85	(166.74)			(134.73)
	<u>4,459.27</u>	<u>5,068.92</u>	<u>3,739.17</u>	<u>3,930.60</u>	<u>4,863.34</u>	<u>9,892.26</u>	<u>12,421.91</u>	<u>11,546.78</u>	<u>3,866.87</u>	<u>20,540.13</u>	<u>11,519.10</u>	<u>11,683.63</u>	<u>103,531.98</u>

Fiscal 1997  
 October 1996 - September 1997

Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Item 1 Rent Expense	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	3,354.69	40,256.28
item 2 Labor Rebill	1,683.46		3,126.53	1,739.56	1,793.96	1,849.44	2,032.15	2,509.54	2,920.68	2,077.73	5,075.22	2,656.53	27,464.80
item 3 Supplies						16.02		7,924.80	2,323.86	274.92	138.28	(10,088.23)	589.65
	<u>5,038.15</u>	<u>3,354.69</u>	<u>6,481.22</u>	<u>5,094.25</u>	<u>5,148.65</u>	<u>5,220.15</u>	<u>5,386.84</u>	<u>13,789.03</u>	<u>8,599.23</u>	<u>5,707.34</u>	<u>8,568.19</u>	<u>(4,077.01)</u>	<u>68,310.73</u>

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**Data Request: DAS 9.02**

Peoples Gas's corrected responses to Staff DR DAS-07.01j and k provided an agreement approved by the Commission in Docket No. 55071. This agreement indicates that the services will be provided at "reasonable cost." How was the "reasonable cost" for the rent of the property on which the CNG station was constructed determined? Please provide all supporting documentation.

**Response:**

North Shore and Peoples Gas object to this data request on the grounds that the information sought is not relevant to the subject matter of this proceeding and is not reasonably calculated to lead to the discovery of relevant and admissible evidence.

Without waiving this objection, North Shore and Peoples Gas state as follows:

Please see the attachment.

Charges associated with the NGV Refilling Station at Peoples Gas

Docket 12-0299  
DAS 9.02

Station Facilities and Installation	172,607.45
Islands and Paving	114,146.13
Sidewalk	3,000.00
Security	<u>21,875.89</u>
Total Charges	<u>311,629.47</u>
Rate of Return-Per Dkt. # 95-0032	X <u>12.9180%</u>
Yearly Rental Expense	40,256.29
Monthly Rental Expense	<u><u>3,354.69</u></u>

NGV Corp.

DR 1254000	Rental Expense associated with the Refilling Station at PGL	3,354.69	
CR 1033000	Rental Expense associated with the Refilling Station at PGL	NCC 1100	3,354.69

North Shore Gas Company/The Peoples Gas Light and Coke Company  
Docket Nos. 12-0273 and 13-0612 (cons.)

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**Data Request: DAS 11.01**

Regarding a document on each Company's website entitled Billing and Price Book, please provide the following information:

- a. Provide an explanation of the rationale behind the use of the Corporate ROR Model.
- b. Provide an Excel copy of the current Corporate ROR Model.
- c. Use an example to explain how the Corporate ROR Model works.
- d. Provide a count of all Rider 4 Main Extensions from 2008-2012.
- e. Provide a list of all Rider 4 Main Extensions in 2012 and the Corporate ROR Model calculations for each.
- f. State how long each Company has been using the Corporate ROR Model in main extensions.
- g. Provide the Corporate ROR that has been used in the model for each year since its first use.
- h. State whether each the Company uses the Corporate ROR Model in any type of projects other than Main Extensions and provide an explanation as to why or why not.
- i. Provide a list of all waivers of deposit approved in writing by the Company President within the past 5 years, including the party to whom the waiver was granted.
- j. Provide the currently effective internal policies for the repairs listed.
- k. Provide the internal policies that governed repairs to customer piping from 2003-2012.
- l. Provide the internal policies that governed repairs to customer piping on behalf of PPP from 2003-2012.

**Partial Response:**

- i. None.
- j. Please see attachment 1.
- k. Please see attachment 1.
- l. Please see attachment 2.

**Supplemental Response:**

- a. The formula used in the calculation of the main deposit is: Main deposit dollar amount is calculated by the per foot cost of the main multiplied by the total footage in the project subtracting 200 feet. North Shore and Peoples Gas have used this calculation for at least the most recent five years and not the "Corporate ROR" model. North Shore and Peoples Gas will update the billing and price book accordingly. The rationale for the model is that it comports with the Commission's Part 500 rules governing deposits.
- b. Please see attachment 3, which shows the calculation of deposits.
- c. For example:
  - 1905 feet of 2" Plastic main required to supply subdivision (provided by NSG Engineering)
  - Price per foot for 2" plastic main = \$57.90 (provided by NSG Engineering)

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- 200 feet Credit provide under Title 83, Chapter I, Subchapter d, Part 500 Section 500.310 of the ICC Administrative Code

1905 feet X \$57.90 = \$110,299.50 (Total Main)

200 feet X \$57.90 = \$11,580.00 (Credit)

\$110,299.50 - \$11,580.00 = \$98,719.50 (The amount of the Deposit)

d. Between 2008 and 2012 North Shore had 13 Rider 4 Main Extensions and Peoples Gas had 14.

e. In 2012 NSG had 0 Rider 4 Main Extensions. For the list of Peoples Gas Rider 4 Extensions in 2012, please see the attached spreadsheet.

f. Please see the response to subpart (a).

g. Please see the response to subpart (a).

h. Please see the response to subpart (a).

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**Data Request: DAS-15.03**

DAS-15.03 Regarding the Corporate ROR Model that is referenced in a document on each Company's website entitled Billing and Price Book, please provide the following information:

- a. Provide an explanation of the rationale behind the use of the Corporate ROR Model.
- b. Use an example to explain how the Corporate ROR Model works.
- c. Provide a copy of the most recent Corporate ROR Model in Microsoft Excel format with working formulae intact.
- d. State what years each Company has used the Corporate ROR Model in main extensions.
- e. State whether each the Company used the Corporate ROR Model in any type of projects other than Main Extensions and provide an explanation as to why or why not along with the years that model was used.
- f. Provide the Corporate ROR that has been used in the model for each year since its first use.
- g. Provide a calculation of all Rider 4 Main Extensions from 2008-2012.
- h. Which "model" is referred to in the Companies response to DAS-11.01(a)?
- i. What determines the price per linear foot in Attachment 3? Does it include labor and over head?

**Response:**

- a. Please see the response (supplemental) to Staff data request DAS 11.01(a). As stated in the response to that request, North Shore and Peoples Gas are not using the Corporate ROR model for the purposes described in the Billing and Price Book.
- b. Please see the response to subpart (a).
- c. Please see the response to subpart (a).
- d. North Shore and Peoples Gas began using the current methodology, described on the response to Staff data request DAS 11.01, in 2009.
- e. Peoples Gas objects to this request as seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.
- f. Peoples Gas objects to this request as seeking information outside the scope of and not relevant to this proceeding and not reasonably calculated to lead to the discovery of relevant and admissible evidence.
- g. Please see the attachment.
- h. The formula described in that response (DAS 11.01).
- i. The cost per foot is determined by the job cost divided by the length of the extension. Commonly, a main extension occurs under a billing/jobbing contract. An example is attached, which shows the elements of the calculation, and that calculation includes, among other things, labor and overhead as well as materials and other costs as applicable (e.g., permits, restoration, and transportation).

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**Data Request: DAS-15.11**

Regarding Appendix C of the current AIA approved by the Commission in Docket No. 10-0408, please provide the following information.

- a. How would a Commission prohibition of the Companies from doing business with any affiliates under section II affect utility operations for Peoples Gas?
- b. How would a Commission prohibition of the Companies from doing business with any affiliates under section II affect utility operations for North Shore?
- c. How would a Commission prohibition of the Companies from doing business with any affiliates under section II affect service company operations for IBS?
- d. How would a Commission prohibition of the Companies from doing business with any affiliates under section II affect Integrys Energy Group corporate allocations?
- e. How are costs allocated under Section III of this section? What allocators are used?
- f. What costs were allocated under Section III for January 2014?
- g. How were these same costs allocated for December 2013?

**Response:**

a. Because Integrys Business Support, LLC (“IBS” or “Integrys Support”) is the principal service provider for the non-utility companies, the effect on Peoples Gas if the Commission prohibited Peoples Gas and North Shore from doing business under Section II of Appendix C of the referenced agreement would not be substantial. However, it would impede certain types of transactions, mainly those under which North Shore and Peoples Gas would provide service to IBS. In answering this data request, North Shore and Peoples Gas assume that transactions under Commission-approved or FERC-approved tariffs are excluded. For example, non-utility affiliates may be customers of Peoples Gas under its tariffs. As a specific example, under its “LDC billing option” (please see Rider AGG, Aggregation Service), Peoples Gas issues bills with supplier charges included. The service is available to all Rider AGG suppliers, and Integrys Energy Services (an affiliate of Peoples Gas) is a supplier eligible to purchase this optional service.

Project assistance is potentially the most significant affected type of transaction. This service is to “[p]rovide support for information technology projects, including those that will be capitalized as an asset of Integrys Support”. If North Shore and Peoples Gas may not provide Section II services, then this would prevent North Shore and Peoples Gas employees from working on these projects and charging time and costs to IBS. This would impede work on the project and would adversely affect Peoples Gas as its specific requirements for a system may not get fully vetted without its direct input. A second example is that Peoples Gas owns fleet vehicles. If Peoples Gas loses the ability to provide service, and charge costs, to IBS, an employee cannot use a Peoples Gas vehicle if he should charge the costs of that use to IBS. Similarly, Peoples Gas employees who maintain Peoples Gas vehicles could not charge costs to IBS for use of the vehicles.

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Absent the referenced agreement, North Shore and Peoples Gas would need to request Commission approval under the Public Utilities Act, on a case-by-case basis, for the specific sorts of services covered by Section II.

b. The effect on North Shore would conceptually be the same as the effect on Peoples Gas described in the response to subpart (a).

Because IBS is the principal service provider for the non-utility companies, the effect on North Shore if the Commission prohibited Peoples Gas and North Shore from doing business under Section II of Appendix C of the referenced agreement would not be substantial. However, it would impede certain types of transactions, mainly those under which North Shore and Peoples Gas would provide service to IBS. In answering this data request, North Shore and Peoples Gas assume that transactions under Commission-approved tariffs are excluded. For example, non-utility affiliates may be customers of North Shore under its tariffs. As a specific example, under its "LDC billing option" (please see Rider AGG, Aggregation Service), North Shore issues bills with supplier charges included. The service is available to all Rider AGG suppliers, and Integrys Energy Services (an affiliate of North Shore) is a supplier eligible to purchase this optional service.

Project assistance is potentially the most significant affected type of transaction. This service is to "[p]rovide support for information technology projects, including those that will be capitalized as an asset of Integrys Support". If North Shore and Peoples Gas may not provide Section II services, then this would prevent the North Shore and Peoples Gas employees from working on these projects and charging time and costs to IBS. This would impede work on the project and would adversely affect North Shore as its specific requirements for a system may not get fully vetted without its direct input.

Absent the referenced agreement, North Shore and Peoples Gas would need to request Commission approval under the Public Utilities Act, on a case-by-case basis, for the specific sorts of services covered by Section II.

c. As described in the response to subparts (a) and (b) of this response, the prohibition would prevent North Shore and Peoples Gas from performing work for and allocating costs to IBS. Project services is the most significant example of potentially adverse effects for IBS. Peoples Gas' fleet vehicles is a second example that is described in the response to subpart (a). A third example is warehouse services. If, for example, North Shore cannot use its warehouses to support service to IBS, that would require IBS to contract with others or own its own warehouse space. North Shore and Peoples Gas do not anticipate that the warehouse service would be a significant impact.

If the Commission decides to prohibit North Shore and Peoples Gas from doing business with affiliates under Section II, we respectfully request that it not cover IBS and apply only to the other Integrys non-utility affiliates. Additionally, addressing this prohibition in the order, and not

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in the form of a required change to the AIA, would be preferable, given that the AIA has been approved by two other jurisdictions and the prohibition would not affect the utilities in those jurisdictions.

d. Corporate activity that is appropriately allocated is recorded and allocated out of IBS. Certain corporate costs, such as high level strategic activity, are not allocated to other companies and are recorded at Integrys Energy Group, Inc. Most of the corporate activity recorded at IBS is allocated based on the General Corporate allocator. This allocator is based on a combination of O&M expenses and assets at each company billed. Theoretically, if Peoples Gas or North Shore were billing non-utility affiliates for some services and were no longer able to do so, those billings would no longer reduce costs to Peoples Gas and North Shore, i.e., Peoples Gas' and North Shore's portion of the General Corporate allocator would be larger, all else being equal. If the services provided were significant enough it would likely also result in less labor at Peoples Gas or North Shore to offset the time spent on the other services. However it is most likely that Peoples Gas or North Shore would only provide service to an affiliate if it worked well within resource planning and did not add any extra overall costs. So for example, when the marketing area provided services to PEHS from Peoples Gas, extra labor was most likely not added to the workforce. The people assigned were mainly providing assistance to large volume (commercial and industrial) utility customers but were able to spend some small amount of time on the non-regulated business. These were professional people who did not get paid overtime and, therefore, credit for Peoples Gas' billing to PEHS would have lowered O&M. This is in contrast to the actual repair work which should have added costs similar to the billing of the work and therefore the elimination of that work should have been neutral to O&M.

Assuming no grandfathering of current agreements or approval of new agreements under Article VII of the Public Utilities Act, any services billed to Peoples Gas and North Shore under Section II would continue with a third party vendor. Therefore Peoples Gas and North Shore would have generally the same O&M and the General Corporate allocator would not change.

All of the above is theoretical as currently the only Section II services between Peoples Gas and a non-utility affiliate, other than IBS, is the maintenance service that ITF provides at the CNG fueling station. With IBS being the main service provider for all Integrys affiliates, North Shore and Peoples Gas do not anticipate a scenario where Section II would be used in the future, other than for purposes of services to IBS. As noted above, North Shore and Peoples Gas would need to request Commission approval under the Public Utilities Act, on a case-by-case basis, for the specific sorts of services covered by Section II, should any arise.

e. Please see the attachment, which is based on the response (supplemental) to Staff data request DAS 11.04, and is revised to indicate Section III activity.

f. Please see the attachment, which is based on the response (supplemental) to Staff data request DAS 11.04, and is revised to indicate Section III activity.

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g. Cost allocation in 2013 was the same as in 2014. The agreement that took effect January 1, 2014, did not change this process.