

REBUTTAL TESTIMONY
OF
MATTHEW SMITH
PIPELINE SAFETY ANALYST II
SAFETY AND RELIABILITY DIVISION
ILLINOIS COMMERCE COMMISSION

Application pursuant to Section 7-204 of the Public Utilities Act for authority to engage in a Reorganization, to enter into an agreement with affiliated interests pursuant to Section 7-101, and for such other approvals as may be required under the Public Utilities Act to effectuate the Reorganization

Wisconsin Energy Corporation, Integrys Energy Group, Inc.,
Peoples Energy, LLC, The Peoples Gas Light & Coke Company,
North Shore Gas Company, ATC Management Inc., and
American Transmission Company, LLC

DOCKET NO. 14-0496

January 15, 2015

1 **WITNESS IDENTIFICATION**

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

3 **A.** My name is Matthew Smith. My business address is 527 E. Capitol Avenue,
4 Springfield, IL.

5 **Q. Are you the same Matthew Smith who previously provided direct testimony?**

6 **A.** Yes, I am. My direct testimony is ICC Staff Ex. 3.0.

7

8 **ATTACHMENTS**

9 **Q. Have you included an attachment as part of your testimony?**

10 **A.** Yes, I am sponsoring as an attachment to my rebuttal testimony, Attachment A,
11 which consists of the Joint Applicants responses to Staff Data Requests PSP 1.01
12 and PSP 1.04.

13

14 **PURPOSE OF TESTIMONY**

15 **Q. What is the purpose of your rebuttal testimony?**

16 **A.** The purpose of my testimony is to further elaborate my position about requirements
17 for a Pipeline Safety Management System ("PSMS") at the Peoples Gas Light and
18 Coke Company ("PGL"). I will also discuss the importance of moving gas meters
19 located inside to outside the residences or buildings. Finally, I respond to the rebuttal
20 testimony of Joint Applicants' witness Thomas J. Webb, Compliance Manager for
21 PGL.

22

23 **Pipeline Safety Management Systems (“PSMS”)**

24

25 **Q. Please explain your thoughts on the PSMS.**

26 **A.** Mr. Webb mentioned in his rebuttal testimony that PGL would be the first company
27 to implement a PSMS, which is true, to the best of my knowledge. Mr. Webb further
28 explains the difficulties associated with implementing a program without the aid of
29 learning from others who have created a similar program. (JA Ex. 11.0, 4, et seq.) I
30 understand Mr. Webb’s comments and concerns. In my direct testimony, I
31 discussed several issues at PGL that warranted a PSMS. Initial implementation of a
32 PSMS will not resolve the various deficiencies at PGL, but my position is that as
33 PGL encounters issues not currently resolved by the PSMS, steps should be taken
34 to strengthen the program and thus implement a stronger PSMS. The program will
35 not be static. I expect that the program after initial implementation will be markedly
36 different in 10 years than the PSMS originally adopted. The goal of the PSMS is to
37 set in place a process to safely operate a natural gas system. If correctly
38 implemented, adequate processes will be in place to not only correct deficiencies
39 when identified, but to collect and share information associated with near-miss
40 events to allow proactive remedial measure implementation. A PSMS is intended to
41 provide a positive communication stream ensuring that all stakeholders are aware of
42 existing and potential safety issues and allow any new management and operations
43 personnel to be familiar with potential threats and issues associated with this aging
44 infrastructure located in an urban area where a failure could result in significant
45 consequences.

46

47 **Moving Gas Meters from the Inside of Buildings and Residences to the outside.**

48

49 **Q. Mr. Webb discusses five points where he asserts it makes it difficult to move**
50 **all inside meters outside within 10 years. Please address Mr. Webb's first**
51 **concern.**

52 **A.** Mr. Webb states that it is not feasible to move all meters outside. (JA Ex. 11.0, 7:
53 144-150.) During previous audits of PGL, I have observed main and service
54 replacement projects where inside meters were located. When a new service was
55 installed, the meters remained indoors at the customer's request. PGL has the right
56 to access their meters and any decision about meter location should not be left to
57 the customer, unless PGL is confident that access can be easily gained to conduct
58 an Inside Safety Inspection ("ISI") or any other type of work required on the service
59 line or meter set.

60 Mr. Webb further discusses issues locating meters at businesses. Mr.
61 Webb states "For example, a business that abuts the sidewalk or other public way
62 may have no suitable location for an outdoor meter." (JA Ex. 11.0, 9: 181-183.) Staff
63 submitted a data request to better understand the issue. The data request (Staff DR
64 PSP 1.04) (Attachment A.) posed the question of whether PGL has any meters in
65 front of or in the rear of a business in the City of Chicago, which may be considered
66 to be in the city right-of-way. The response indicated that PGL does have meters
67 located either in the front of or in the rear of businesses that would be considered to
68 be in the public right-of-way. Although it may not be an ideal location to install a

69 meter either in front or in the rear of a business, what is absolutely essential is to
70 place the meter in a location that will assure PGL access now and in the future.

71 When replacing or installing a service pipe to a building, whether it is a
72 residence or a business, I am concerned that PGL may not always move the meters
73 to a location that is outdoors. PGL has raised a concern that not all meters can be
74 moved, but I am concerned that PGL is using this approach to avoid locating meters
75 outside. This is further highlighted in the Joint Applicants' Response to Staff DR
76 PSP 1.01. (Attachment A.) This DR raises the question of how many inside meters
77 were moved to the outside as part of AMRP. PGL further clarified that Mr. Webb's
78 testimony (see JA Ex. 11.0, 11: 230-231) did not discuss meters, but instead service
79 pipes associated with a meter. Of the service pipes associated with only one meter,
80 the inside meter was moved to the outside 93.7% of the time. When service pipes
81 were associated with 2 to 4 meters the number dropped to 74.9%. Finally, when the
82 service pipes associated with more than 4 meters the number decreased to 30.8%
83 of the time. (Staff DR PSP 1.01) (Attachment A.)

84 I am unable to determine why each meter that was located inside may
85 have remained inside. As part of AMRP, PGL must either move each meter outside
86 where there is no assurance that inside access is, or will be, guaranteed or move the
87 meter to a location inside where access by PGL is guaranteed. The objective of
88 meter placement is to provide unfettered PGL access to meters of any kind for
89 conducting required safety inspections.

90 **Q. Please address Mr. Webb's second concern that Staff's recommendation**
91 **assumes that all inside meters are not accessible.**

92 A. As I previously discussed in my direct testimony (Staff Ex. 3.0, 11-12: 220-229), PGL
93 was notified in 2000 that ISIs had not been conducted in a manner that met the
94 requirements of 49 CFR §§192.481 and 192.723. In 2014, PGL notified Staff that all
95 of the ISIs have been completed, but, as of this time, Staff has not conducted an
96 audit of PGL compliance records to determine if the ISIs have been completed.

97 In 2014, PGL contacted Staff about progress with the ISIs. During the
98 meeting, PGL discussed concerns about disconnecting customer's gas service due
99 to the inability to obtain access to conduct an ISI of the customer's premises. It is
100 apparent that PGL has issues with accessibility of its own gas meters located inside
101 customer's residences and/or possibly commercial or business locations.

102 Mr. Webb further states that indoor meters can be accessible. Mr. Webb
103 continues by offering examples of locations where inside meters can be considered
104 accessible, such as, multi-unit buildings where there is staffing 24 hours a day,
105 commercial buildings staffed during business hours and multi-unit buildings that are
106 accessible with a landlord or property manager who can provide access. (JA Ex.
107 11.0, 9: 186-194.)

108 I agree with Mr. Webb that, if PGL is assured now and in the future that a
109 meter is or will be accessible, based on the examples used by Mr. Webb, those
110 meters can remain indoors. I continue to maintain that any meter not accessible
111 indoors must be moved outside or to a location inside where access by PGL is
112 assured.

113 **Q. Please address Mr. Webb's third concern that moving meters supplied by the**
114 **low pressure cast iron main system outside will result in reduced reliability of**
115 **service.**

116 **A.** Mr. Webb discusses that cast iron main systems are susceptible to water infiltration.
117 (JA Ex. 11.0, 9-10: 196-2059-10.) I believe that this statement is valid. Therefore, I
118 propose that PGL should be required to move all meters from inside to the outside
119 when accessibility is, or may become a concern when PGL is replacing cast iron or
120 ductile iron pipelines as part of AMRP. These meters must be moved as part of
121 AMRP, but no later than 2030.

122 **Q. Please address Mr. Webb's fourth concern that this requirement would be**
123 **extremely costly to meet.**

124 **A.** To address Mr. Webb's cost concern, I am willing to change my original proposal for
125 moving all indoor meters to the outside within 10 years to be that for any meter that
126 is now located indoors and is associated with piping that is to be replaced as part of
127 AMRP the meter does not have to be moved to the outside until the cast iron or
128 ductile iron is replaced as part of AMRP. This would allow all meters associated with
129 AMRP to be moved to the outside as part of AMRP, but no later than 2030.

130 However, any meter that is located inside where PGL does not have
131 access and is not to be associated with AMRP pipe replacement must be moved
132 outdoors within 10 years or to a location inside where access by PGL is guaranteed,
133 excluding the meters that Mr. Webb identified in his rebuttal testimony. (JA Ex. 11.0,
134 9: 186-194.)

135 **Q. Please address Mr. Webb's fifth concern that moving meters from inside to the**
136 **outside would be inefficient and could interfere with progress on PGL's AMRP.**

137 **A.** As previously stated, I am prepared to modify my meter moving recommendation to
138 extend beyond 10 years for any inside meters that are associated with AMRP that
139 will be moved to the outside as part of the AMRP, but no later than 2030, excluding
140 meters mentioned by Mr. Webb (large multi-unit buildings with 24 hour staff, multi-
141 unit building with a landlord or property manager on the premises who has a right to
142 access the units and commercial buildings that are staff during normal business
143 hours.) (JA Ex. 11.0, 9: 186-194.)

144 **Q. Please summarize your testimony regarding moving inside meters to the**
145 **outside?**

146 **A.** PGL has encountered meter accessibility issues for at least the past fourteen years
147 in attempting to meet its ISI obligations of 49 CFR §§192.481 and 192.723. Not only
148 has it taken PGL 14 years to complete the ISIs, Staff is concerned this will be a
149 continuing issue in the future. If PGL continues to be unable to complete the ISIs
150 going forward, then monetary penalties will be recommended to the Illinois
151 Commerce Commission by the Pipeline Safety Program. In an effort to alleviate the
152 issue with accessibility of indoor meters where access is not guaranteed, Staff is
153 proposing that PGL move indoor meters to the outside. If the indoor meters are
154 associated with pipe to be replaced as part AMRP, then those meters can be moved
155 during AMRP, but no later than 2030. If there are inside meters that are not part of
156 AMRP and accessibility is an issue, then those meters must be moved outside within
157 10 years of the date of the Commission Order in this proceeding or to a location

158 indoors where access by PGL is guaranteed. In addition, with respect to large multi-
159 unit buildings with 24 hour staff, multi-unit building with a landlord or property
160 manager on the premises who has a right to access the units and commercial
161 buildings that are staff during normal business hours, then those meters are not
162 required to be moved to the outdoors and are allowed to remain in the current
163 location, providing those meters remain accessible to PGL personnel.

164 **Q. Does this conclude your prepared rebuttal testimony?**

165 **A.** Yes, it does.

ICC Docket No. 14-0496
Joint Applicants' Response to
Staff Data Requests PSP 1.01-1.04
Dated: December 23, 2014

REQUEST NO. PSP 1.01:

Mr. Webb states in Rebuttal Testimony (JA Ex. 11.0 lines 230-231) that 83.4% of inside meters have been moved outside through AMRP since 2011. Of this 83.4%, please indicate the percentage of single family residential meters, commercial meters, and multi-unit dwelling meters that were moved outside during the timeframe since 2011.

RESPONSE:

The data request incorrectly states that Mr. Webb's Rebuttal Testimony asserts that 83.4% of inside meters have been moved outside through AMRP since 2011.

Mr. Webb's testimony is that for the period 2011 through November 2014, 83.4% of new medium pressure AMRP service pipelines have had all meters moved outside. Because many service pipes are associated with more than one meter, the statistics by meter will be different than those stated in Mr. Webb's testimony

Using the service pipe criteria referenced in Mr. Webb's testimony, Peoples Gas has the following data available. The percentages shown are based on the ratio of AMRP service pipes with outside meters to all AMRP Service pipes.

AMRP Service pipes with only one meter – 93.7%
AMRP Service pipes with 2 to 4 meters – 74.9%
AMRP Service pipes with more than 4 meters – 30.8%

ICC Docket No. 14-0496
Joint Applicants' Response to
Staff Data Requests PSP 1.01-1.04
Dated: December 23, 2014

REQUEST NO. PSP 1.04:

Mr. Webb states in his rebuttal testimony (JA Ex. 11.0 lines 182-183) states “[F]or example, a business that abuts the sidewalk or other public way may have no suitable location for an outdoor meter.” Please indicate if any businesses in the city of Chicago have a meter either in front of the business or in the rear of the business in an area considered to be within the city right-of-way.

RESPONSE:

Yes, there are businesses in the City of Chicago that have a meter in areas outside the property line and in the public right-of-way.