

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Northern Illinois Gas Company)
d/b/a Nicor Gas Company)
) Docket No. 15-0510
Application for temporary and permanent)
Certificates of Public Convenience and)
Necessity, under Section 8-406 of the)
Public Utilities Act, to construct, operate,)
and maintain gas distribution facilities)
and to transact the business of)
furnishing gas service to the public in)
DeKalb County and Ogle County, Illinois.)

Direct Testimony of

GREGORY M. STIGLIC, P.E.

Manager, Engineering Design

Northern Illinois Gas Company
d/b/a Nicor Gas Company

December 9, 2015

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1 **I. INTRODUCTION AND WITNESS QUALIFICATIONS**

2 **A. WITNESS IDENTIFICATION**

3 **Q. Please state your name and business address.**

4 A. Gregory M. Stiglic, 1844 Ferry Road, Naperville, Illinois 60563.

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

6 A. I am the Manager, Engineering Design for Northern Illinois Gas Company d/b/a Nicor
7 Gas Company (“Nicor Gas” or the “Company”).

8 **Q. Please describe your responsibilities as the Manager of Engineering Design.**

9 A. I direct engineering design operations for the Company, including managing a thirteen-
10 person engineering team, third-party contractor accounts, a multi-million dollar budget,
11 and engineering design projects and workflow. I analyze, review, and approve the
12 Company’s infrastructure projects and ensure all designs meet code specifications, cost
13 targets, and safety standards. I also develop and deliver designs that address
14 environmental concerns, infrastructure improvement plans, and new system designs.

15 **B. BACKGROUND AND EXPERIENCE**

16 **Q. Please summarize your educational background and work experience.**

17 A. I received a Bachelor of Science degree in Civil Engineering from the University of
18 Illinois at Urbana-Champaign. I am a Registered Professional Engineer in the State of
19 Illinois.

20 I was hired by Nicor Gas as an engineer in 1998. I have held numerous positions
21 during the course of my career with Nicor Gas and my work responsibilities have
22 included technical and managerial experiences in Engineering Design, New Customer

23 Additions, Systems Operations, Construction Operations, and Special Projects. In
24 connection with the Company's Special Projects, I led and orchestrated all aspects of a
25 project to introduce a new, interactive GIS infrastructure software program, including
26 developing and leading a training program for the entire Company. In my various roles
27 with Nicor Gas, I have developed multiple areas of expertise, including engineering
28 design, project and operations management, process improvement, safety operations,
29 financial planning, and training development and facilitation. I also attend professional
30 organizational seminars and engineering conferences to keep my skills current.

31 **Q. Have you ever testified before the Illinois Commerce Commission (the**
32 **“Commission”)?**

33 A. No.

34 **II. PURPOSE OF TESTIMONY**

35 **Q. What is the purpose of your direct testimony in this proceeding?**

36 A. The purpose of my direct testimony is to support the Company's request for a Permanent
37 Certificate of Public Convenience and Necessity (the “Permanent Certificate”) to provide
38 natural gas service to customers in and near Fairdale, Illinois. The main extension and
39 related infrastructure required to provide such service will be referred to collectively in
40 my direct testimony as “the Fairdale main extension” or “project.” Specifically, I provide
41 information regarding the benefits, routing, construction and costs of the Fairdale main
42 extension.

43 **III. DESIGN AND ROUTING CONSIDERATIONS**

44 **Q. Please describe the existing fuel choices in the Permanent Certificate area and the**
45 **Company’s new distribution system to provide natural gas service to Fairdale.**

46 A. There is no natural gas distribution infrastructure or service in Fairdale or within several
47 miles of Fairdale. In general, the residences and other structures along the Fairdale main
48 extension primarily rely upon liquid propane for space heating, cooking, clothes drying,
49 and water heating. Construction of the Company’s facilities provides natural gas directly
50 to each property owner’s residence or other structure through an underground piping
51 network.

52 Nicor Gas currently provides service to customers in the Village of Kirkland,
53 which is approximately five (5) miles to the east of Fairdale. To serve those customers,
54 Nicor Gas caused to be constructed certain facilities, including a natural gas distribution
55 main that parallels a portion of Illinois Route 72. The Fairdale main extension
56 interconnects with the Company’s existing 4” main along Illinois Route 72 at the
57 intersection with Hickory Lane in the Village of Kirkland.

58 The main runs west along Illinois Route 72 for approximately 2,250 feet of 6”
59 polyethylene (“PE”) main. The main continues west along Quarry Road for
60 approximately 5,200 feet of 6” PE main to the intersection of Quarry Road and Irene
61 Road. The main runs north along Irene Road for approximately 5,250 feet of 6” PE main
62 to the intersection of Irene Road and Illinois Route 72. The main continues west along
63 Illinois Route 72 for approximately 9,550 feet of 4” PE main to the intersection of Illinois
64 Route 72 and West Street. Nicor Gas ultimately will install approximately 6,100 feet of

65 2” PE main throughout Fairdale, plus individual meters, regulators, and the extension of
66 service pipe.

67 In connection with the Fairdale main extension, Nicor Gas will also replace
68 approximately 1,050 feet of existing 2” wrought iron main located in the Village of
69 Kirkland with approximately 1,050 feet of 4” PE main.

70 **Q. What are the benefits of the Fairdale main extension?**

71 A. The Fairdale main extension will promote the rebuilding of the Fairdale community
72 following the widespread damage and destruction caused by the tornado in April 2015.
73 More specifically, the underground gas distribution network provides each landowner
74 with low cost, efficient, safe, and reliable natural gas service. Construction, operation,
75 and maintenance of the gas distribution facilities furnishing gas service to the public in
76 the Permanent Certificate area complies with all Nicor Gas’ specifications, the rules and
77 regulations of the Commission, and the Minimum Federal Pipeline Safety Standards, 49
78 Code of Federal Regulations (“CFR”) Part 192, as applicable. As described later in my
79 direct testimony, the amount of facilities required by Nicor Gas to reach the properties
80 along the Fairdale main extension is considerably less than any other public utility
81 operating in the State of Illinois.

82 **Q. What is the minimum system investment in facilities required for the Fairdale main
83 extension?**

84 A. The project required a minimum system investment in facilities to serve generally
85 described to include the installation of approximately 22,250 feet of 4” PE main and
86 6,100 feet of 2” PE main, plus individual meters, regulators, and the extension of service
87 pipe. The Company’s estimated investment in the minimum system requirements to

88 serve the project also included the replacement of approximately 1,050 feet of existing 2”
89 wrought iron main in the Village of Kirkland with approximately 1,050 feet of 4” PE
90 main. The Company’s total estimated investment in the minimum system requirements
91 to serve the project, excluding any investment for unusual or unforeseen construction
92 conditions, was approximately \$691,000.

93 **Q. Did the Company’s engineering department recommend an investment in facilities**
94 **that was different than the minimum system investment to serve?**

95 A. Yes.

96 **Q. What is Nicor Gas’ engineering recommended investment in facilities to serve**
97 **Fairdale?**

98 A. Nicor Gas determined to install approximately 12,700 feet of 6” PE main, 9,550 feet of
99 4” polyethylene PE main and 6,100 feet of 2” PE main, plus individual meters,
100 regulators, and the extension of service pipe, to serve customers in and near Fairdale.
101 The Company’s recommended investment in facilities also included the replacement of
102 approximately 1,050 feet of existing 2” wrought iron main in the Village of Kirkland
103 with approximately 1,050 feet of 4” PE main. In short, it is the recommendation of the
104 Company’s engineering department to install 6” PE main in place of portions of the 4”
105 PE required in the minimum system investment. The Company’s total estimated
106 investment in the engineering recommended system to serve the project, excluding any
107 investment for unusual or unforeseen construction conditions, is approximately \$901,061
108 in 2015 dollars.

109 **Q. Please provide the rationale for why Nicor Gas is installing additional facilities**
110 **above the minimum system investment to provide service?**

111 A. Nicor Gas is investing approximately \$210,000 of additional facility improvements to
112 provide incremental capacity for future customer connections that are reasonably
113 expected to occur. Installing 6” PE in place of some of the 4” PE at this time better
114 positions the Company for expected future growth in and near Fairdale and eliminates
115 more costly and disruptive construction that would be needed as that growth occurs.

116 **Q. Did the Company consider alternate routes in the design of the Fairdale main**
117 **extension?**

118 A. Yes. Nicor Gas’ existing facilities in the Village of Kirkland are close in proximity to the
119 Fairdale main extension. The Company initially considered a route following Illinois
120 Route 72 the entire distance between the Village of Kirkland and Fairdale. However, the
121 Company ultimately selected the route along Quarry Road and Irene Road because the
122 Company identified potential additional customers along this route, including certain
123 commercial customers. Nicor Gas reasonably expected all of the commercial customers
124 to take natural gas service and the inclusion of these commercial customers in the project
125 had a beneficial impact on the project economics.

126 **Q. Did the Company consider other natural gas supply sources?**

127 A. Yes. Alternate natural gas supply sources, either from other interconnections with Nicor
128 Gas’ facilities, other Illinois public utilities, or any other intrastate or interstate natural
129 gas pipelines, are not close in proximity to Fairdale. All other natural gas supply sources
130 would require installing more gas pipeline. As such, the costs to construct facilities

131 originating from any other supply source would be substantially higher in cost than the
132 Company's route and source for the Fairdale main extension.

133 **Q. Are there any other aspects of the project that make it the least cost means of**
134 **servicing customers in and near Fairdale?**

135 A. Yes. In constructing the Fairdale main extension, the Company used a right-of-way that
136 minimized impact on existing land use, minimized environmental impact, and was least-
137 cost. Much of the main was installed within the right-of-way adjacent to existing
138 roadways. Because the Company installed the main largely within the road right-of-way,
139 construction of the main extension did not result in the removal of agricultural land from
140 cultivation.

141 **IV. CONSTRUCTION STATUS**

142 **Q. What is the construction status of the Fairdale main extension?**

143 A. Nicor Gas was asked to provide Fairdale with natural gas service by the 2015-2016
144 winter heating season. In order to meet that request, Nicor Gas had to begin its initial
145 construction processes in early October 2015. Accordingly, Nicor Gas requested a
146 Temporary Certificate of Public Convenience and Necessity (the "Temporary
147 Certificate"). On September 30, 2015, the Commission issued Nicor Gas a Temporary
148 Certificate authorizing Nicor Gas to construct the Fairdale main extension and serve
149 Fairdale area customers for one year. On October 5, 2015, Nicor Gas began construction
150 of the Fairdale main extension. The Company completed the main installation during the
151 week of November 9, 2015 and installed the first services and meters during the week of
152 November 16, 2015.

153 **Q. Has Nicor Gas demonstrated its capability to efficiently manage and supervise**
154 **construction of the Fairdale main extension?**

155 A. Yes. Nicor Gas followed its normal construction practices and procedures and
156 adequately and efficiently managed and supervised the installation of facilities for the
157 Fairdale main extension under the Temporary Certificate.

158 **Q. Have any portions of the Company's tariff applied to the proposed construction?**

159 A. Yes. Individual gas services and metering have been and will be installed under the
160 provisions of the Company's Terms and Conditions, Ill.C.C. No. 16 – Gas, as approved
161 by the Commission.

162 **V. REAL ESTATE CONSIDERATIONS**

163 **Q. Did the Fairdale main extension require the acquisition of private land rights?**

164 A. Yes. To construct the Fairdale main extension, Nicor Gas obtained six (6) easements
165 along Quarry Road and Irene Road. Each of these easements provided rights to install
166 within the apparent road right-of-way along each landowner's frontage (generally 33
167 feet). In addition, Nicor Gas acquired the necessary Utility Occupancy License to cross
168 the Dakota, Minnesota & Eastern Railroad (d/b/a Canadian Pacific) at Irene Road.

169 **Q. Does Nicor Gas anticipate the need for eminent domain authority?**

170 A. No. As described above, Nicor Gas already has obtained all necessary easements from
171 the private landowners along the Fairdale main extension route.

172 **Q. Will Nicor Gas address any damage to property caused by construction of the**
173 **Fairdale main extension?**

174 A. Yes. Nicor Gas will address any concerns raised by landowners and resolve or
175 compensate for any damage caused during construction.

176 **Q. Will the Fairdale main extension result in the conversion of any cropland,**
177 **pastureland, or forested land to non-agricultural use?**

178 A. No. The project will not result in permanent conversion of any acreage from its current
179 use.

180 **VI. OTHER APPROVALS**

181 **Q. Did Nicor Gas require additional approvals beyond the Commission to proceed with**
182 **construction of the Fairdale main extension?**

183 A. Yes. Nicor Gas obtained the following permits required for construction of the Fairdale
184 main extension: a railroad crossing permit from the Canadian Pacific Railway, road right-
185 of-way permits from the State of Illinois and Franklin Township, and a National Pollutant
186 Discharge Elimination System (“NPDES”) permit from the Illinois Environmental
187 Protection Agency.

188 **Q. Has Nicor Gas contacted the Illinois Historic Preservation Agency, the Illinois**
189 **Department of Natural Resources, or the United States Army Corps of Engineers to**
190 **determine if any portion of the project touches or otherwise impacts land owned by,**
191 **or within the jurisdiction of, those agencies?**

192 A. Yes, as necessary. In particular, Nicor Gas contacted the Illinois Historic Preservation
193 Agency and received a letter confirming that the project would not have any impact on

194 historic property. The Company also submitted information regarding the project to the
195 Illinois Department of Natural Resources through its Ecological Compliance Assessment
196 Tool (“EcoCAT”) and received clearance for the project through that process. Finally,
197 Nicor Gas determined that the project would not have any impact on wetlands and,
198 therefore, no approval from the United States Army Corps of Engineers was necessary.

199 **VII. CONCLUSION**

200 **Q. Does this conclude your direct testimony?**

201 **A. Yes.**