

**Interim Verification Report
Investigation of
Peoples Gas Pipeline Safety Program**

Presented to the:

Illinois Commerce Commission

By:



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I. Introduction and Summary

During 2007 and 2008, Liberty conducted an investigation of the pipeline safety program of Peoples Gas Company. On August 14, 2008, Liberty issued its final report, which contained 66 recommendations for improvement of the pipeline safety program. Phase 2 of Liberty's work involves verification and monitoring of Peoples Gas' implementation of those recommendations. In October 2008, Peoples Gas issued a draft implementation plan for each recommendation. Liberty provided comments on that plan; the ICC Staff and Liberty met with Peoples Gas in November 2008 to discuss the plan. In late January 2009, Peoples Gas provided a new implementation plan that addressed those comments and discussions. That implementation plan is included as Appendix A to this report.

Each quarter (three-month period) for two years, Liberty will issue an updated status of its verification work. This is the first of these reports, roughly covering the period from December 2008 through February 2009. During this period, Liberty started its verification work on 19 of the 66 recommendations. Liberty completed the verification of one recommendation.

In the first quarter, Liberty's work focused on Peoples Gas' leak management, damage prevention, and training. Liberty's work in the corrosion control area will start in the second quarter. Liberty had recommended that Peoples Gas have one manager responsible for leak management, but the company thought it was better to keep that function within the three district shops. The company's data show improvement in reducing the number of pending leaks, and Liberty found that Peoples Gas did a good job in identifying for replacement higher risk portions of its distribution system. Liberty also recommended that Peoples Gas assign one manager as responsible for damage prevention. While the company agreed to this recommendation, it has not yet assigned someone to the position called manager of System Integrity. Liberty found that Peoples Gas' revised training for system locators was very good. However, Liberty also found that Peoples Gas has not added the people necessary to reduce the non-training responsibilities of its training staff. On a positive note, Liberty observed that general supervisors were spending more time in the field with their leak crews.

This report contains two main sections:

- I. This introduction and a table that provides a summary of the status of Liberty's verification work on each recommendation.
- II. A summary of the verification work on each recommendation

The following table lists each of the 66 recommendations and addresses the following questions for each recommendation:

- Has Liberty commenced verification work?
- Has Peoples Gas taken the actions in its implementation plan? Did it take those actions on time? (A blank cell in for this question means that it is too early to determine whether Peoples Gas has taken all of the actions stated in its implementation plan.)
- Is Liberty's verification work complete?

Rec. #	Recommendation	Verification Started?	Peoples Gas' Actions?	Verification Complete?
Overall Observations				
I-1	Improve the management-level organization.	Yes		No
Mains and Services				
II-1	Change replacement-weighting factors to assign a higher priority to vulnerable components and those with greater risks.	Yes		No
II-2	Improve the coupon-sampling program.	Yes		No
II-3	Evaluate cast iron replacement policies and increase replacement rates in the North district.	Yes		No
II-4	Implement a systematic replacement program of vulnerable service lines.	Yes		No
Excavation Damage Prevention				
II-5	Designate a manager with overall responsibility for the excavation damage-prevention program.	No		
II-6	Work with DIGGER to develop and maintain a complete list of excavation contractors.	No		
II-7	Work with DIGGER to develop a program to screen out bogus emergency-locate requests.	No		
II-8	Upgrade the training program for locators.	Yes		No
II-9	Develop and implement a communications and training protocol for the City of Chicago municipal workers and private contractors.	Yes		No
II-10	Develop and implement a procedure for monitoring directional boring activities.	No		
II-11	Develop and implement criteria and a procedure for conducting inspections of excavating sites.	No		
II-12	Develop and implement a procedure for sealing exposed cast iron joints that are subject to pressures of 25 psig or less.	No		

Rec. #	Recommendation	Verification Started?	Peoples Gas' Actions?	Verification Complete?
II-13	Review and implement Common Ground Alliance (CGA) best practices not in place.	No		
II-14	Develop and implement a root-cause analysis program.	No		
II-15	Develop a system for tracking performance metrics for the damage prevention program.	No		
Corrosion Control				
II-16	Bring experience and stability to the corrosion control organization.	No		
II-17	Improve the accuracy of corrosion control readings.	No		
II-18	Improve the methods and timeliness of corrective actions.	No		
II-19	Evaluate atmospheric corrosion inspection practices.	No		
II-20	Test casings to ensure electrical isolation from the carrier pipe.	No		
II-21	Improve organizational communications.	No		
II-22	Improve corrosion control training.	No		
II-23	Improve corrosion control record keeping.	No		
II-24	Improve pipe storage practices.	No		
II-25	Demonstrate implementation of best practices.	No		
Pressures, Valves, Regulators, and Odorization				
III-1	Determine the resources necessary to ensure all annual valve inspections are accomplished within scheduled timeframes.	Yes		No
III-2	Develop a means to track and report histories of valve inspections to identify valves that cause continual problems, and to focus the inspections and maintenance on those problems.	No		
III-3	Resolve interface problems with the chartless recorders.	Yes	Yes	No

Rec. #	Recommendation	Verification Started?	Peoples Gas' Actions?	Verification Complete?
III-4	Analyze the gas system to determine sampling sites that will ensure proper concentrations of odorant reaches all parts of the system.	No		
III-5	Develop a schedule and verify that personnel who perform "sniff" tests possess normal olfactory senses.	No		
III-6	Conduct adequate training for Gas Operations Section (GOS) on valves and regulators.	No		
III-7	Re-evaluate the odorant sampling and documentation paper system and convert it to an electronic format.	No		
Emergency Response				
III-8	Increase the frequency of employee emergency-plan training.	No		
III-9	Perform joint training with outside responders	No		
III-10	Perform realistic drills with outside responders	No		
III-11	Increased training for outside first responders	No		
III-12	Provide map access for service section personnel	No		
Leak Management				
III-13	Evaluate business district boundaries.	Yes		No
III-14	Improve leak response times.	Yes		No
III-15	Improve Inside Safety Inspection procedures and training.	No		
III-16	Improve leak management practices.	Yes		No
III-17	Reduce the year-end leak backlog.	Yes		No
III-18	Implement practical testing of leak investigation personnel.	No		
Construction				
IV-1	Develop specific and comprehensive job descriptions.	No		
IV-2	Review and formalize contractor requirements documents.	No		

Rec. #	Recommendation	Verification Started?	Peoples Gas' Actions?	Verification Complete?
IV-3	Develop detailed construction inspection checklists for construction inspectors.	No		
IV-4	Re-evaluate and justify the number of contractor construction projects assigned to its Construction Technicians.	No		
IV-5	Require contracting crews to cut out and destructively test the first fusion joint of each day's work.	No		
IV-6	Develop a means to determine the qualifications of individuals performing covered tasks on job sites.	No		
IV-7	Conduct audits of contractor crews as required.	No		
Operator Qualifications				
V-1	Review and improve the curricula of all training classes.	No		
V-2	Review and reduce non-training job duties of instructors.	Yes		No
V-3	Revise the testing methods for evaluations of qualifications to perform covered tasks.	No		
V-4	Ensure that all contractors have acceptable Operator Qualification Plans.	No		
V-5	Analyze crew-leader retest failures.	Yes		No
V-6	Modify requalification interval practices.	Yes	Yes	Yes
V-7	Address the new Pipeline and Hazardous Materials Safety Administration (PHMSA) training requirements.	Yes		No
Quality Assurance and Quality Control				
V-8	Improve the Quality Assurance / Quality Control (QA/QC) Program.	No		
Programs, Maps, and Records				
V-9	Provide the means for, and require that, General Supervisors spend more time in the field on job sites with their crews.	Yes		No

Rec. #	Recommendation	Verification Started?	Peoples Gas' Actions?	Verification Complete?
V-10	Upgrade the legacy computer systems as planned.	No		
V-11	Develop a structured process for long term planning.	Yes		No
V-12	Develop and implement a procedure for up-rating low-pressure mains.	No		
V-13	Review industry committee participation.	No		
V-14	Establish the combined Integrys successor to the Peoples Materials Standards Committee (MSC).	No		
Performance Measures				
VI-1	Implement a modern and effective performance measures program.	No		

II. Recommendation Verification Summary

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Recommendation**I-1**

Improve the management-level organization.

Liberty recommended that Peoples Gas have one manager for each of the functions listed below. These managers would have matrix responsibility for that function for all three divisions, and would report to the Vice President on that function.

- Damage Prevention
- Corrosion Control
- Leak Management
- Operator Qualification and Training
- Quality Assurance and Performance Monitoring

Liberty recommended that Peoples Gas implement this recommendation within one year of the date of Liberty's final report.

Background

During its audit study of Peoples Gas' code compliance activities, Liberty found Peoples Gas did not exhibit strong performance in any of the areas examined. Liberty concluded that Peoples Gas was particularly weak in corrosion control, excavation damage prevention, and performance monitoring and measurement. Liberty attributed organizational and staffing issues at the root of these weaknesses.

Liberty found that the Vice President, Field Operations, was responsible for field operations and construction, including most safety-code requirements, except for engineering and some support functions. However, there was no senior management level ownership and responsibility for some important functional areas below the level of Vice President leading to fragmented decision-making, and a lack of ownership of the entire program or individual aspects of it.

Liberty recommended that Peoples Gas assign specific management-level ownership and responsibility for damage prevention, corrosion control, leak management, operator qualifications and training, and quality assurance and performance monitoring. The programs would perform better, focusing on key activity objectives with either an individual responsible for each of the programs or an individual having matrix responsibility for a program that reports to the Vice President, Field Operations, directly on the performance of an individual program.

Peoples Gas' Implementation Plan

Peoples Gas indicated that it adopted Liberty's recommendation in part as described by the items listed below.

- Damage Prevention – Peoples Gas indicated that it would hire a manager of System Integrity who will have primary focus and responsibility for damage prevention. The Company agreed that centralizing damage prevention and assigning a manager/leader of System Integrity made good sense.
- Corrosion Control – Peoples Gas said that it assigned a manager to this function.

- Leak Management – Peoples Gas said that it would keep this organization as is, believing leak management is best handled through district shop management.
- Operator Qualification and Training – Peoples Gas indicated that it has separate management of Operator Qualification and Training under review. The Technical Training and Standards group will address operator qualification and training issues.
- Quality Assurance and Performance Monitoring – The Compliance Monitoring Group (CMG) will be taking on the responsibility for Quality Assurance under the existing CMG leadership. Peoples Gas will assign performance management to CMG under its current leadership.

Verification Discussion and Conclusions

In January 2009, Peoples Gas advised that:¹

- It has met its commitment for assigning a manager of the corrosion function. Liberty will review this assignment during its work on other corrosion control recommendations.
- Operator Qualification and Training (OQ and T), and Quality Assurance and Performance Monitoring (QA and PM), have individual manager ownership.
- Peoples Gas has not yet filled the position on Integrity Manager, whose duties would include damage prevention.
- It has identified key performance indicators for improving its damage prevention performance and for reducing pending leaks.

With regard to leak management, Peoples Gas believes the function ties closely to the daily maintenance work for each shop, and therefore it is most effective to keep management of leaks under the direct control of individual district management. Accordingly, during this verification phase of its work, Liberty will evaluate the effectiveness of Peoples Gas' district operations managers in their oversight and development of the means to improve the company's leak management.

Peoples Gas informed Liberty that it held a series of meetings among its managers and union personnel to emphasize how the company may achieve improvements in its leak management practices. Peoples Gas established an annual target of 10 percent reduction in leaks pending at year-end. For the metric pending leaks divided by leaks repaired, Peoples Gas has established a goal of 14 percent for 2009 and 10 percent for 2010. Peoples Gas also stated that the percentage of pending Type 2 leaks is 30, compared with pending Type 3 leaks of 70 percent, and that it has been successful in driving down its leak/mile in emphasizing the reduction of Type 2 leaks. Peoples Gas has implemented a process for addressing venting leaks without repairs that has enabled it to limit the number of these leaks and ensure it makes repairs within 5-10 business days. Peoples Gas has evaluated the leaks cleared with no work performed to ensure leak area locations were clear and to bring heightened attention to these reported leaks. Peoples Gas has also re-evaluated those locations where its personnel made temporary repairs on inside or

¹ Interview #101, January 20, 2009.

exposed gas piping to ensure that it accomplished permanent repairs. Through these actions, Peoples Gas believes it is demonstrating improved management of this function.

Peoples Gas established specific leak goals to improve its leak management performance. One of these is to repair all Type 2 leaks within 12 months. However, if a leak requires a main replacement project, or is an upgrade from a Type 3, the repair may exceed 12 months. Beginning in January 2009, on weekly basis, the District Shop Managers provide the Vice President of Gas Operations with an explanation and a proposed plan to expedite the repair of all Class 2 leaks that are greater than 12 months old.

Peoples Gas had not implemented schedules for rechecking of completed leaks following repairs to ensure leak areas are clear of leakage. Peoples Gas planned to rely on the new work management system (WAMS) to implement such schedules. However, due to delays in the WAMS implementation, Peoples Gas told Liberty that it would determine whether there were alternative ways to institute a system for the recheck of its recently completed leak repair locations under existing systems.² Peoples Gas committed to developing a procedure and reinstitute rechecks after leak repairs beginning April 6, 2009.³ This would be a paper system; Peoples Gas would also explore the cost and time required to establish the new leak-recheck order type from the vendor of the Navigate system.

Data show improved controls of Peoples Gas' leak management practices.⁴ As shown in the table below, Peoples Gas reduced its total pending year-end leaks in 2008 from 819 to 555. It reduced the pending Type 2 leaks from 335 to 172 during 2008.

	Type 1	Type 2	Type 3	Total
Leaks pending, 1/1/2008	3	335	481	819
Received	1466	1292	105	2863
Cleared	1070	1440	617	3127
Re-classified	399	15	414	0
Leaks pending, 12/24/2008	0	172	383	555

Liberty verification work on this recommendation is not complete. Liberty plans to:

- Review Peoples Gas' progress in assigning an Integrity Manager. Peoples Gas' implementation plan called for this item to be complete by March 31, 2009.
- Interact with the managers assigned to Operator Qualifications, Training, Quality Assurance, and Performance Monitoring in the course of its verification work on other recommendations.

² Implementation Plan meeting with Liberty, November 20, 2008.

³ Response to Data Request #388.

⁴ Response to Data Request #306.

- Monitor the effectiveness of Peoples Gas' leak management practices in conjunction with the verification work on Recommendations III-16 and III-17. The initial results show improvement in leak management practices.
- Because of the delays in implementing WAMS, review Peoples Gas' efforts to implement a temporary paper process to recheck completed leaks following repairs, and determine whether Peoples Gas has considered implementing a method within the Navigate system.

Recommendation**II-1**

Change replacement-weighting factors to assign a higher priority to vulnerable components and those with greater risks.

Background

One objective of Liberty's investigation was to evaluate Peoples Gas' methods for identifying system components more prone to failure and its programs to replace or phase out these components from system operation. Gas distribution-system operators have implemented component replacement programs in accordance with risk-based analyses and performance measures. Between 1990 and 2002, the industry reduced the mileage of cast iron mains by 21 percent and the mileage of bare, unprotected steel mains by 7 percent. During the same period, the industry reduced the number of bare, unprotected steel services 13 percent.⁵ Operators continue to replace specific components based on their own or industry's experience with the material's leak prone history.

The table below describes the materials contained in Peoples Gas' system as of year-end 2006.⁶

Material	Mains (Miles)	Services (No.)
Cast Iron	1,664	71
Ductile Iron	314	382
Cathodically protected Steel	1,208	44,031
Plastic	839	411,608
Coated, unprotected steel		182
Bare Steel		6,735
Copper		19,852
Clear Plastic		24,439
Totals	4,025	507,300

Liberty concluded that the priorities assigned to component replacements do not appropriately consider vulnerability and risks, and that Peoples Gas needed to re-evaluate the values assigned to the various factors in its main evaluation process. It should assign higher values to components with a higher probability and consequence of failure. Examples of those facilities that pose higher risks are cast iron and bare steel mains and services near schools, hospitals, and nursing homes. Peoples Gas should have continuing surveillance programs that include materials evaluation (bare steel, cast iron, plastic, copper, mains, services, regulators) of components more prone to failure (mains, services, tees, above ground components), and determination of leakage and damage incident rates, their vintage, and location. Furthermore, Peoples Gas' evaluation process should ensure that the discretionary portion of its main replacement program and its

⁵ The American Gas Foundation January 2005 study entitled "Safety Performance and Integrity of the Natural Gas Distribution Infrastructure" (**AGF Study**).

⁶ Responses to Data Requests #10 and #130.

service line replacement programs take into consideration the consequences should leaks or failures occur on these vulnerable facilities.

Liberty recommended that Peoples Gas change replacement weighting factors to assign a higher priority to vulnerable components and those with greater risks. Peoples Gas' processes should result in elimination of vulnerable facilities that could affect structures such as schools, hospitals, and nursing homes.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas stated that its infrastructure evaluation approach considers and weighs many factors before making repair/replacement. The majority of these decisions identify components with a higher probability and consequence of failure. Peoples Gas agreed that facilities such as hospitals, schools, and nursing homes require unique considerations, and agreed to analyze its infrastructure adjacent to these types of facilities and adjust the weighting values accordingly. Steps in its plan include:

- Obtain land base data identifying schools, hospitals, and nursing homes from the City of Chicago
- Update Peoples Gas' Geographic Information System (GIS) with land base information
- Determine types and scope of facilities (Cast/Ductile iron) that are adjacent to schools hospitals and nursing homes
- Assess weighting values by January 5, 2009
- Implement changes by March 2, 2009. This schedule is consistent with Liberty's recommended implementation timeline of six months from the date of Liberty's final report.

Verification Discussion and Conclusions

Liberty reviewed Peoples Gas' approach and progress in implementing this recommendation.⁷ Peoples Gas obtained data on the location of higher consequence facilities (HCAs) such as schools, hospitals, and nursing homes, and determined Chicago has 1052 schools, 44 hospitals, and 114 nursing homes.⁸ Peoples Gas next determined the proximity and characteristics of its vulnerable infrastructure adjacent (within 80 feet) to these types of facilities.

Vulnerable main segments (from 1 ft. to 5296 ft in length) portions within 80 ft or HCAs		
Miles of main	Material and Operating Pressure	Current replacement plans
116	Cast Iron Low pressure	If UMRI score reaches 5.0
28	Cast Iron Medium pressure	If UMRI score reaches 5.0
23	Ductile Iron Low pressure	If UMRI score reaches 5.0
7	Ductile Iron Medium pressure	Replace within 5 years

⁷ Interview #104, January 23, 2009.

⁸ Response to DR 309.

Peoples Gas modified its main segment ranking software to accept new weighting factors where its vulnerable main materials are within 80 feet of HCAs.⁹ Peoples added a 120 percent safety factor to the UMRI (Gas Main Ranking) of gas main segments adjacent to schools, hospitals, and nursing homes. Peoples Gas schedules a gas main for replacement when the UMRI number reaches 6.0. Peoples Gas will replace a gas main adjacent to a school, hospital, or nursing home within 12 months of reaching a UMRI rating of 5.0. Peoples Gas believes ductile iron main is more susceptible to failure when exposed, especially if weakened or in poor condition. The risk increases when operating at medium pressure, and Peoples Gas plans to replace 7 miles of MPDI near HCAs within 5 years.

Peoples Gas also identified materials susceptible to leakage on 32 vulnerable service lines serving HCAs. It plans to replace these within 3 years.¹⁰

Vulnerable Service Lines Serving Schools, Hospitals, and Nursing Homes (HCAs)		
# of services	Service material	Plans for replacement
24	Ductile Iron	Replace in 3 years
7	Copper	Replace in 3 years
1	Bare Steel	Replace in 3 years
???	Clear Plastic (CAB)	No Current Plans

Peoples Gas has not identified its clear plastic service lines less than 80 feet in length as higher risk or more susceptible to failure. Liberty discusses this issue under Recommendation II-4 below.

Peoples Gas met the timetable in its implementation plan for this recommendation to date. It has:

- Identified its higher consequence structures such as schools, hospitals, and nursing homes.
- Identified its vulnerable service lines consisting of bare steel, ductile iron, and copper serving HCAs, and plans to replace 32 services within 3 years.

Liberty's verification work on this recommendation is not complete. Peoples Gas has not identified its clear plastic as more vulnerable to failure. Liberty needs to review this issue further before determining whether Peoples Gas' actions meet the recommendation.

⁹ Response to DR 310.

¹⁰ Response to Data Request #314.

Recommendation**II-2**

Peoples Gas should ensure that:

- The coupon collection and analysis program continues
- The results of coupon sampling analyses are integrated with pipe condition information reported by its field crews
- The coupon collection is representative of main conditions in all areas of its system
- It incorporates the program's results systematically into the main replacement process.

Liberty found that it was unclear whether the coupon collection was representative of main conditions in all areas of its system. Moreover, it was unclear how Peoples Gas systematically incorporates this information into the main replacement process. Peoples Gas needs to ensure that it continues the coupon collection program and integrates the results with pipe condition information reported by its field crews.

Background

Peoples Gas implemented an industry best practice of cast iron pipe coupon sampling. It is to use the results from the coupons samples in Peoples Gas' replacement weighting factors to assign a higher priority to vulnerable components and those with greater risks. However, it was unclear whether Peoples Gas consistently factored the results of the program into its replacement program and whether the coupon collections are representative of main conditions in all areas of its system. As part of its evaluation of the condition of its cast iron pipe, Peoples Gas' field crews collect and process pipe coupons taken from pipe segments around its system using Institute of Gas Technology (IGT) procedures used in a 1978 study of cast iron pipe. The Technical Training Center is responsible for testing the cast iron main coupons in the lab for strength, corrosion activity, condition, graphitization, and wall loss information. They enter this information into a database that provides justification for its main replacement program, and input to GMOS¹¹ main ranking system for input to the main ranking index (MRI).

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas indicated that it currently has a procedure in the Operating & Maintenance Plan (Corrosion Control Order 8.137) that specifies when it should obtain a coupon sample. Addressing Liberty's recommendations in the order listed above, Peoples Gas stated that it:

1. plans to continue the coupon analysis program
2. integrates the results of the coupon sampling analysis with pipe condition information reported by field crews

¹¹ Peoples Gas' Gas Main On-line System (GMOS) is the primary database for the distribution system, containing histories for approximately 83,000 segments. Dynamic segmentation identifies a different main segment whenever the following segment factors change: diameter, material, pressure, the "in" street, and year installed. There are associated segment inspection requirements such as corrosion control and leak surveys.

3. believes the coupon collection is representative of all low-pressure mains identified as “poor” in all areas of the distribution system
4. incorporates the results of the coupon analysis into its main replacement process

Peoples Gas plans to accomplish the following in support of its coupon-sampling program to validate that coupons were taken (or if main was replaced).

1. Peoples Gas will perform an internal review of records to validate adherence to Corrosion Control Order 8.137 regarding coupon sampling by December 15, 2008. This schedule is consistent with Liberty’s recommendation to complete the review within six months of the date of Liberty’s final report.
2. Provide training / communication if procedure is not being followed properly. – March 31, 2009.
3. A report of coupons collected for 2009 and beyond will be generated quarterly to demonstrate the program’s consistency and effectiveness. – March 31, 2009.
4. Revise corrosion order 8.137 to include coupon sampling of medium pressure gas main segments that have been evaluated and identified as “poor” by field personnel. – March 31, 2009.

Verification Discussion and Conclusions

Peoples Gas advised Liberty that it conducted its internal review of 2008 main maintenance tickets to determine whether field crews followed corrosion order 8.137, and whether the Technical Training Center evaluated the coupons sent to it.¹² Field crews evaluate main conditions as poor and submit coupons from the work location for testing. The “poor” rating results in a higher priority being placed on the segment for replacement by the District, and the main segment generally is replaced sooner unless the coupon evaluation determines differently. However, if there is no coupon evaluation, data is not entered into the database (GMOS) or into the main ranking index for the location.

Peoples Gas reported on its internal review of processes in place as follows.¹³ Field employees use Form 216-A to report work activity on the Gas Distribution System. The form requests that employees evaluate the condition of an exposed gas main. Corrosion Control Order 8.137 revised April 16, 2008, describes the evaluation process. If the evaluator designates a low-pressure gas main to be in “Poor” condition, a coupon sample is taken. The sample data for this study was for the period September 1, 2007, to September 24, 2008. During that period, Peoples Gas performed work on 905 Cast/Ductile Iron Gas Main Segments. Of those 905 segments, 13 low-pressure segments were in “poor” condition based on employee evaluations. GMOS records indicate that (7) seven of the coupons are “pending coupon” analysis.

The internal review showed that Peoples Gas needed to take the following actions regarding the coupon-sampling program:¹⁴

1. Create a reporting mechanism that promotes timely processing of coupon samples.

¹² Interview #104, January 23, 2009.

¹³ Response to DR 311.

¹⁴ Response to DR 312.

2. Revise corrosion order 8.137 to include coupon sampling of medium pressure gas main segments that have been evaluated and identified as “poor” by field personnel.
3. Include a session on the coupon program during the Crew Refresher Training to review corrosion order 8.137 and to make employees aware of the new requirement to coupon sample medium pressure segments identified as “poor.”
4. Conduct “Tailgate” sessions regarding corrosion order 8.137.
5. Complete aforementioned actions by March 31, 2009.

Liberty found that Peoples Gas evaluated its coupon sampling processes and identified corrective actions to improve the program. Peoples Gas needs the proposed new actions to have confidence that it is evaluating coupons and replacing at-risk segments. Liberty’s verification work on this recommendation is not complete. Liberty will conduct additional reviews of Peoples Gas’ implementation of revised processes (March 31, 2009) and assess whether the Technical Training & Standards Section improves its coupon analysis rate.

Recommendation**II-3**

Evaluate cast iron main replacement policies and increase replacement rates in the North district. Liberty recommended that Peoples Gas document a plan for cast iron main replacements.

Background

Liberty concluded that cast iron main replacements in the North District lagged behind the other districts. As part of its cast iron replacement program in recent years, Peoples Gas has replaced less footage in the North district compared with replacement footage for its Central and South districts. As a result, the remaining amount of the most vulnerable 4", 6", and 8" diameter cast iron main remaining in the North district is 40 to 70 percent higher than the other two districts. The North district also has the most reported leaks and the highest percentage of vulnerable materials. Liberty concluded that Peoples Gas should increase the North District cast iron main replacement rate.

Peoples Gas' Implementation Plan

Peoples Gas agreed that cast/ductile iron replacement rates in the South and Central district territories has out paced that of the North district territory and said that it would evaluate the cast/ductile iron replacement criteria. For consistency with Liberty's recommendation number II-1, Peoples Gas believes it should upgrade its system criteria considering system integrity and risk rather than primarily on a geographic boundary. Peoples Gas indicated that it would evaluate the cast/ductile iron replacement criteria and modify the GIS project selection program to include new weighting criteria. Peoples Gas proposed to:

1. Identify and assess risks in the gas distribution infrastructure by November 11, 2008.
2. Capture and update the Geographic Information System (GIS) database with the necessary attributes to query and quantify risks by November 11, 2008. This schedule is consistent with Liberty's recommendation to complete a plan for cast iron replacements within three months of Liberty's final report.
3. Assign a weighting value to identified risks by December 1, 2008.
4. Modify the existing GIS project selection program to include new weighting criteria and issue final report by March 2, 2009.

Verification Discussion and Conclusions

During 2008, Peoples Gas increased its cast iron and ductile iron (CI – DI) replacements of main in its North District.¹⁵ Peoples Gas stated the North District replaced the highest amount of these materials during 2008. Peoples Gas replaced the following amounts of cast and ductile iron during 2008.¹⁶

¹⁵ Interview #104, January 23, 2009.

¹⁶ Response to Data Request # 385.

District	Total CI-DI replaced (feet) - 2008	Total CI-DI replaced (miles) - 2008	Total miles of 10" CI-DI and less replaced	CI-DI replacement Goals for 2009
North	95,905	18.18	15.84	
South	78,901	14.94	9.27	
Central	72,303	13.69	11.06	
All Districts	247,109	46.81	34.16	45 miles

During April 2008, Peoples Gas formed the Gas Distribution System Design Task Group to identify and consolidate processes Peoples Gas uses to evaluate and select gas main construction projects and coordinate its approach with Peoples Gas long-term strategy and plans for upgrading the gas distribution system. The task group is to make recommendations of the most cost effective approach while managing risk and maintaining system integrity. The process is to weigh multiple components and assign greater values to those components with a higher probability of failure.

Peoples Gas described elements of the plan that include:¹⁷

1. Use the capital optimization program as the evaluation tool for all gas main system improvement projects. Modifications will be made to the tool to assign greater weighting values to components with higher probabilities and consequences of failure. (i.e., replacement of bare steel, clear plastic and copper service pipes and poor performing gas mains)
2. An emphasis on replacing poor performing CI-DI gas mains adjacent to schools, hospitals, and nursing homes (increasing the weight to 120 percent rating factor when the segment is within 80 feet of HCAs.).
3. An emphasis on replacing ductile iron medium pressure mains.
4. An emphasis on upgrading areas aligned with the long-term plan strategy.

Peoples believes the above will address Liberty's recommendations, will cause replacement rates of cast iron and ductile iron mains in the North District to increase, and will increase the rate of elimination of its more vulnerable at risk service lines.

Liberty found that Peoples Gas approach is addressing Liberty's recommendation. Liberty verified that Peoples Gas has accomplished the first three steps in its action plans by the target dates. Liberty's verification work is not complete. Liberty will evaluate the Gas Distribution System Design Task Group' final report due on March 2, 2009, to ensure it has adequately addressed this recommendation and is resulting in increased replacements of vulnerable facilities in the North District.

¹⁷ Response to Data Request #313.

Recommendation**II-4**

Implement a systematic replacement program of vulnerable service lines.

Liberty recommended that Peoples Gas document a well-defined plan for the systematic replacement of vulnerable service lines. Peoples Gas needs to implement a replacement program to target the more vulnerable services lines that pose the highest threat to the public.

Background

Liberty found that Peoples Gas did not have a well-defined evaluation and replacement program for its at-risk service line components.

Liberty asked how Peoples Gas integrates the need to replace its higher risk service lines with main segments that it is evaluating for replacement.¹⁸ Possible factors associated with vulnerable service lines include age, un-sleeved and located beneath a habitable structure, geography, and material (bare steel, copper inserts, clear plastic, cast iron, ductile iron). However, Peoples Gas indicated that its current method is to replace CAB¹⁹ and bare steel services in conjunction with its Distribution System upgrade program rather than approach their replacements with separate replacement programs. Peoples Gas considers several factors when determining a project's value. The number of CAB and bare steel services in the project area is one of the factors considered.²⁰ The highest priority would involve high consequence leaks, water in the LP system, and ICC requests. Peoples Gas has 51,208 of these vulnerable lines. At the current replacement rates, it will take approximately 28 years to eliminate the threats from gas facilities closest to habitable structures and some service lines will be more than 77 years old at replacement.

Peoples Gas should assign higher values to components with a higher probability and consequence of failure and should ensure that the discretionary portion of its main replacement program and its service line replacement programs take into consideration the consequences should leaks or failures occur on these vulnerable facilities.

Peoples Gas' Implementation Plan

Peoples Gas stated that it currently has a process in place to identify and target vulnerable service lines. Typically, Peoples Gas replaces these services in conjunction with Low-to-Medium Pressure conversion projects. Peoples Gas plans to review the failure rates of vulnerable service pipes and modify the weighting factor as appropriate. Peoples Gas also agreed to perform a study to identify service pipes that pose the highest threat to the public and document a plan for their replacement. The plan indicates it will:

1. Perform a number of database queries to validate statistics on replacement and failure rates of CI/DI, copper, bare steel, and CAB services by November 10, 2008.

¹⁸ Response to Data Request #153.

¹⁹ CAB is cellulose acetate butyrate service lines, a material that has shown poor performance in the industry.

²⁰ Response to Data Request #156.

2. Perform a number of Geographic Information System (GIS) queries to identify geographic location of service pipes with higher probability and consequence of failure by November 17, 2008.
3. Analyze data and develop a plan by December 1, 2008.
4. Document a plan for systematic replacement of the more vulnerable service lines that pose the highest threat to the public by March 3, 2009. This schedule is consistent with Liberty's recommendation that Peoples Gas document a replacement plan within six months of the date of Liberty's final report.

Peoples Gas also stated that it has an effective program in place to renew vulnerable service pipes when upgrading an area to medium pressure. It based the program on risk avoidance; the program shows that:

- All medium pressure CAB services have been eliminated
- Only 115 CAB services are longer than 80 feet (CAB is susceptible to shrinkage)
- Of the 1,240 schools, hospitals, and nursing homes, there are only 32 identified as having vulnerable services (none are CAB)
- 92 percent of services Liberty has identified as vulnerable serve residential customers
- Only 5 percent of services Liberty has identified as vulnerable are medium pressure.

Verification Discussion and Conclusions

Peoples Gas identified the numbers and failure rates of its vulnerable service line materials as shown in the tables below.²¹ Peoples Gas analyzed its leak rates for its services, and believes it should emphasize replacements of its bare steel services and then copper service lines.

Year	Bare Steel			Clear Plastic Footage			Copper Footage		
	# of Services	# of Leaks	%	# of Services	# of Leaks	%	# of Services	# of Leaks	%
1994	13914	366	2.63%	40271	144	0.36%	31450	195	0.62%
1995	12493	315	2.52%	38191	199	0.52%	29956	235	0.78%
1996	11630	316	2.72%	36620	139	0.38%	28677	216	0.75%
1997	10714	253	2.36%	35268	151	0.43%	27596	194	0.70%
1998	9484	226	1.87%	33459	121	0.36%	26633	161	0.60%
1999	8574	177	2.06%	32139	166	0.52%	25741	165	0.64%
2000	8228	169	2.05%	30683	156	0.51%	24763	176	0.71%
2001	7927	102	1.29%	29607	123	0.42%	23796	106	0.45%
2002	7655	105	1.37%	28428	129	0.45%	22812	127	0.56%
2003	7447	96	1.29%	27371	172	0.63%	21982	110	0.50%
2004	7213	79	1.10%	26273	144	0.55%	21236	113	0.53%
2005	6957	103	1.48%	25332	117	0.46%	20476	140	0.68%
2006	6735	110	1.63%	24439	105	0.43%	19852	121	0.61%
2007	6497	104	1.60%	23460	147	0.63%	19128	99	0.52%
Annual Leak Rate			1.86%			0.47%			0.62%

Service material	Leak rate (1994-2007)	Leak rate (1999-2007)	# of services
Bare steel	1.86%	1.75%	6,500
Clear plastic (CAB)	0.47%	0.51%	23,000
Copper (Cu)	0.62%	0.58%	19,000
Ductile/cast iron (CI/DI)			750

²¹ Interview #104, January 23, 2009, and Response to Data Request # 314.

Peoples Gas identified its at risk services, CI, DI, Cu, and bare steel services, near schools, hospitals, and nursing homes (HCAs) and plans to replace 32 at risk services for HCAs within three years (in conjunction with main replacement projects). The table below lists the 32 planned replacements by type of material.

Vulnerable service lines serving schools, hospitals, and nursing homes (HCAs)		
# of services	Service material	Plans for replacement
24	Ductile Iron	Replace in 3 years
7	Copper	Replace in 3 years
1	Bare Steel	Replace in 3 years
0	Clear Plastic (CAB)	No Replacement Plans

Peoples Gas has not identified its clear plastic (CAB) service lines less than 80 feet in length as higher risk or more susceptible to failure. Peoples Gas recognized its CAB services as having a vulnerability to shrink and pull out of couplings when their lengths are more than 80 feet, but has not recognized CAB services are also vulnerable to brittle failure. Peoples Gas indicated that it plans to replace all bare steel services in 10 years, approximately 650 per year as it recognizes bare steel services have the highest leak rates and follow this by emphasizing copper service replacements.²²

The plan is to:²³

1. Locate and replace service pipes that have a higher potential for failure and that are adjacent to vulnerable facilities. (32 services were identified and will be replaced within the next 3 years)
2. Identify geographic areas in the City where synergies can be obtained by expanding the medium pressure system while replacing service pipes that have a greater potential for leaks and replacing Cast/Ductile Iron with high UMRI rated mains adjacent to vulnerable facilities.
3. Replace all bare steel service pipes within (10) ten years.

In addition to the replacement of the 32 targeted, vulnerable service lines over a three-year period and the 650 bare steel service line replacements each year for the next ten years, Liberty believes Peoples Gas must also implement replacement programs for its copper inserted service lines and its clear plastic service lines. These service lines have leak rates less than bare steel, however, CAB leak rates are worsening, and copper insert leak rates are slightly above that of CAB for the most recent 9-year period. These services also should have a replacement program developed, and have their failures monitored and evaluated. Liberty will continue to evaluate Peoples Gas implementation of its service line replacement plan.

²² Interview #104, January 23, 2009.

²³ Response to Data Request #314.

Recommendation

II-8

Upgrade the training program for locators.

Background

Liberty concluded that Peoples Gas' training for its locators did not meet minimum requirements. Peoples Gas required its locators to have taken basic Operator Apprentice training as well as two days of classroom and on-the-job training before the initial locate. In contrast, NULCA's training program takes approximately two weeks to complete. Liberty's comparison between Peoples Gas' training materials and classroom sessions and NULCA's training standards demonstrated that Peoples Gas does not meet PHMSA minimum requirements or industry best practices.

Liberty recommended that Peoples Gas upgrade the training program for locators. As a group, Peoples Gas' locators needed more and better training. Liberty stated that Peoples Gas should design and implement the improved training program within six months of the date of the final report and all locators should receive the new training within one year of the date of the report.

Peoples Gas' Implementation Plan

Peoples Gas stated that it would complete the following action items:

- Review NULCA program and identify gaps between it and Peoples Gas' training program.
- Review CGA best practices and identify gaps between it and Peoples Gas' training program.
- Design revisions to its program and develop training materials.
- Train instructors.
- Conduct new training for locators: 5/1/09 through 9/30/09.
- Measure the effectiveness of training using root cause analysis and evaluations from QA/QC audits.

Verification Discussion and Conclusions

Liberty reviewed Peoples Gas' comparison of NULCA training standards to its own training materials.²⁴ The company reviewed each NULCA "units of competence," which includes an explanation of the unit, elements of competence, and performance criteria. For each of these "units," Peoples Gas developed a response or recommendations for any deficiencies or clarifications that it might need. The review is complete, but Liberty will spend additional time to verify actual changes or additions in training materials, company procedures, and classroom presentations. An example of a change in company procedures is General Order 0.800- Section C, which states "A sufficient number of locate marks shall be made over mains and services to assure that the excavator can readily determine the locations of company facilities throughout

²⁴ Response to Data Request #341.

the area of construction.” The training manager indicated that Peoples Gas would probably require a minimum of ten feet between locate marks over facilities. If this is the case, Peoples Gas will have to revise General Order 0.800 to reflect this policy change.

Peoples Gas also provided the results of its review of the CGA practices and the identification of gaps with Peoples Gas’ training.²⁵ Peoples Gas did an outstanding job in developing these comparisons, which clearly identify areas for the adoption of best practices. In particular, the spreadsheets for gaps CGA and Peoples Gas’ practices is thorough and includes the gap description, corrective actions, and any follow-up that it might need. The following is an example of part of the company’s findings:

OVERALL SUMMARY - Phase I		
All Gaps	Total Number	51
	Percentage (Gaps to Best Practices)	62%
Remediation Effort	Minor	24
	Moderate	25
	Significant	3
Gap Consequence	Minor	36
	Moderate	10
	Significant	6

		CROSS SECTIONAL SUMMARY			
		Effort			Priority
		Minor	Moderate	Significant	
Consequence	Significant	0	5	1	1st Priority
	Moderate	1	8	1	2nd Priority
	Minor	23	12	1	3rd Priority

With regard to training instructors (action item #4), Peoples Gas sent four TTS staff personnel last November for locating training at Staking University in Illinois. Basic locating concepts as well as problem solving techniques that could assist with difficult locating processes were part of the program. The instruction used several instruments to perform specific locating techniques including comparing peak versus null response, triangulation, and depth validation techniques. Instructors who attended this training thought it was a valuable experience and would welcome future training opportunities.

²⁵ Response to Data Request #342.

Peoples Gas scheduled action items #3 through #6 to be complete after April 1, 2009, and Liberty will monitor these items later in the verification phase.

Recommendation**II-9**

Develop and implement a communications and training protocol for the City of Chicago municipal workers and private contractors.

Background

Liberty concluded that Peoples Gas' communications with and training for excavators was deficient. For the period January 2006 through September 2007, Peoples Gas' underground facilities were damaged in 1,452 incidents. Of that number, 632 incidents (44 percent) were excavations about which the one-call system was not notified. Liberty concluded that Peoples Gas' communications to excavators regarding excavation damage prevention have not been effective.

Municipal workers caused 564, or 39 percent of the 1,452 incidents in the period referenced above. The last documented training of City of Chicago employees was in April 2004. Liberty concluded that the training provided to City of Chicago employees regarding excavation damage prevention was woefully inadequate.

Liberty recommended that Peoples Gas develop and implement a program for meetings with municipal and private excavators to educate and train them about the damage prevention program. Excavators should be required to attend such meetings.

Peoples Gas' Implementation Plan

Peoples Gas stated they would comply with Liberty's recommendation by completing the following action items:

1. Prepare a letter to GCDPC strongly recommending training by TTS to municipal and private excavators
2. Schedule training sessions from responses from GCDPC members
3. Conduct training January 2009 through May 29, 2009. This is consistent with Liberty's recommendation that the training should be complete by May 2009.

Verification Discussion and Conclusions

Peoples Gas issued a letter to GCDPC recommending training for municipal and private excavators.²⁶ TTS scheduled training every Friday through the month of April on damage prevention for the city of Chicago.²⁷ Peoples Gas' TTS manager was uncertain who would be conducting the training for the city and indicated that there had been no response from GCDPC members for any training.

Liberty has two areas of concern regarding this recommendation. First is the lack of response from GCDPC and no Peoples Gas follow-up to encourage the training. Having open training dates is not having actual training dates. In addition, because Peoples Gas has not delegated a

²⁶ Response to Data Request #301 and #346.

²⁷ Response to Data Request #347.

manager responsible for damage prevention, there is no one to make decisions necessary to convince GCDPC members how valuable training can be to reduce damages to underground facilities. There should be no doubt that TTS instructors should do damage prevention training. Liberty noted that Darin Burk of the ICC Staff is planning to attend the GCDPC March 11, 2009, damage prevention breakfast. Liberty plans that the ICC Staff and Liberty will attend the regular GCDPC meeting in April and will encourage damage prevention training.

There has been no actual training performed. The responses to this recommendation are incomplete and it will remain an open verification item.

Recommendation**III-1**

Determine the resources necessary to ensure all annual valve inspections are accomplished within scheduled timeframes.

Background

Peoples' Gas Operations Section (GOS) personnel conduct over 4,000 annual valve inspections (located on main lines or on feeder lines) for field identification, accessibility, and operability. Distribution field crews perform the remaining 6,000 valve inspections. GOS also annually inspects 113 Security Valves (slam shut), conducting a maintenance diagnostic test, 39 remote-operated valves (ROVs), and 13 Meter Runs.²⁸

To accomplish this work in 1999, GOS had 34 employees (Manager, General Supervisor, Engineer, Technician, 6 Supervisors and 24 union personnel). By 2007, due in part to work rule changes, Peoples Gas reduced the GOS workforce to 22 employees (6 management and 16 union personnel). Peoples Gas reported that overdue valve inspections numbered 13, 38, and 8 for the years 2005 through 2007, respectively.²⁹

Liberty concluded that the GOS did not appear to have adequate resources to ensure it meets its annual inspection schedules. Liberty also concluded that Peoples Gas needed to determine its workforce needs based on work activities, both for GOS valve inspections, and for valve inspections performed by distribution operations field forces.

Liberty recommended that Peoples Gas should complete the assessment of workforce needs and make the appropriate adjustments to its field forces.

Peoples Gas' Implementation Plan

Peoples Gas stated that it believes this is not a resource issue. It claims the overdue valve inspection information provided in the data request included valves that were completed on the same day the inspection was due. Peoples Gas indicated only 6 overdue valve inspections occurred in 2006 and 1 in 2007, compared to the 38 and 7 it reported. Since 2007, the company has been closely monitoring all inspections and has been reporting all overdue inspections to the ICC on a monthly basis. In addition, Peoples Gas created Centralized Planning, to schedule, route, and monitor inspections. Centralized Planning's focus will be to ensure Peoples Gas completes all inspections on time.

During Liberty's discussions with Centralized Planning, Peoples Gas indicated that during 2008 it scheduled valve inspections for the North and Central Districts.³⁰ During 2009, it also plans to schedule valve inspections for the South District.

To address Liberty's recommendation, Peoples Gas planned specific action items as follows.

²⁸ Interviews Gas Operations Section, August 15, 2007, and November 15, 2007. Meter Runs are located at Gate Stations and at special meter locations of large volume customers.

²⁹ Response to Data Request #197.

³⁰ Interview #107, January 20, 2009.

- Centralized Planning Group to Monitor Inspections by October 1, 2008.
- Centralized Planning Group to Schedule and Route Inspections for North and Central Shop by October 1, 2008.
- Peoples Gas will create a monthly and YTD valve inspection report by February 28, 2009.
- Centralized Planning Group to Schedule and Route all Inspections for the Company by spring 2010 (March 1, 2010 - WAMS).

Verification Discussion and Conclusions

Liberty determined that Peoples Gas had assigned two engineers in its Centralized Planning Section to work with the North and Central Districts during 2008 to schedule valve inspections.³¹ The engineers explained their scheduling process, valve inspection tracking, and how they contact field personnel to ensure the Districts completed its valve inspections on schedule. They schedule inspections by square mile grid and identify them on Peoples Gas Navigate system. Peoples Gas provided a spreadsheet containing the number and location of valves it scheduled for inspection, as well as their inspection dates for the last 6 months of 2008.³² It scheduled and completed 5,095 valve inspections in the last six months of 2008.

Liberty will continue to monitor Peoples Gas' implementation of its valve inspection reports, its planned implementation of valve inspection scheduling for the South District (in addition to the North and Central Districts) during 2009, and inspections performed by GOS of its network valves.

³¹ Interview #107, January 20, 2009.

³² Response to Data Request # 315

Recommendation**III-3**

Resolve interface problems with the chartless recorders.

To take full advantage of chartless technology and to ensure there are no operating problems at its pressure regulation stations, Peoples Gas needs to identify and resolve the interface issues.

Background

Peoples Gas uses chartless electronic data recorders (CDRs) installed inside vaults to compile input pressure, output pressure, case temperature, and battery voltage. The CDRs replaced the older pressure recording charts.³³

Prior to 2007, Peoples Gas converted its pressure-recording charts in regulator vaults to chartless electronic data recorders. This streamlined pressure verification activities. However, Liberty's inspection during 2007 identified problems (downloading data from the chartless recorders) with the computer hardware and software interface.³⁴ A follow-up inspection determined that Peoples Gas was still experiencing problems associated with data from the recorders being unable to plot in output report formats

Liberty concluded that Peoples Gas needed to identify and resolve the interface issues.

Peoples Gas' Implementation Plan

Peoples Gas indicated that it installed software revisions in computers and portable data collectors (PDCs) in May 2007, and that this resolved incompatibilities between PDCs and its computers. Peoples' Gas Operations Section (GOS) was available to demonstrate that previous interface issues have been resolved.

Verification Discussion and Conclusions

Liberty met with Peoples Gas and GOS demonstrated its data interface on its computer.³⁵ Liberty selected four district regulator stations and GOS brought up inspection data for those stations. GOS demonstrated that its chartless data, recorded for each station, matched the data documented by the GOS crew performing a regulator inspection. Liberty will continue to evaluate some additional regulator stations later in the year to verify no additional PDC and computer interface problems exist.

³³ Response to Data Request #118, and Inspection conducted November 15, 2007.

³⁴ Inspections Gas Operations Section November 15, 2007, and May 14, 2008.

³⁵ Interview, January 22, 2009.

Recommendation**III-13**

Peoples Gas needs to evaluate business district boundaries.

Background

Liberty found that Peoples Gas had not reviewed the boundaries of its business districts and recommended that Peoples Gas have a process that periodically evaluates its business districts. Over time, demographics change and business district boundaries change. The district boundaries have important implications for leak survey requirements. Peoples Gas' procedures should define a frequency within which it identifies its business districts for leak survey and pipe replacement purposes and communicate this to its field operations personnel that conduct leak surveys. Subsequent to Liberty's audits, Peoples Gas informed Liberty it had conducted a study of its business districts during 2007 and implemented changes during 2008.

Peoples Gas' Implementation Plan

Peoples Gas stated that it completed an extensive review on the boundaries of business districts in 2007. The 2008 inspection cycle was based on those updated records. The Distribution Design Section used aerial photography from four (4) different sources to audit the business classification in addition to performing numerous site surveys. Peoples will determine best practices regarding the frequency of re-surveying business district boundaries. By March 31, 2009, Peoples Gas will update Exhibit IV (Safety Inspection Program) of Operating and Maintenance plan to reflect an appropriate business-district review cycle.

Verification Discussion and Conclusions

Liberty discussed Distribution Design Section's process conducted during 2007 to evaluate and identify the limits of its business districts for leak survey purposes.³⁶ Peoples Gas did not retain a copy of the procedure it followed; however, it demonstrated the basic process. Peoples Gas provided an updated map of its business districts and a table of changes.³⁷ Liberty evaluated a number of business district boundaries with Peoples Gas by using business district maps and confirming the limits by comparing the nature of the properties fronting a street on Google Earth. In each case evaluated, Liberty determined Peoples Gas satisfactorily encompassed and at times exceeded the limits of business districts. The following table provides the results of Peoples Gas 2007 study. Liberty will evaluate in the field, a sample of business districts that Peoples Gas determined are no longer business districts.

	2007 Total Count		Change		2008 Total Count	
	Business	Residential	Business →(to) Residential	Residential →(to) Business	Business	Residential
# of segments	10,686	67,641	5,881	5,568	10,373	67,954
Miles of main			219	178		

³⁶ Interview #105, January 23, 2009.

³⁷ Response to Data Request #317.

Recommendation**III-14**

Improve leak response times.

Peoples Gas needs to evaluate and determine how it may best improve its leak response profile, specifically the percentage of calls responded to within 30 minutes and within 45 minutes. Peoples Gas also needs to reduce the number of calls responded to in excess of 60 minutes.

Peoples Gas should evaluate alternatives for improving its leak response profile. The evaluation should include specific recommendations, a schedule, and monthly performance reviews for meeting specific response time profile goals.

Background

A leak response time is the period from receipt of a call until the first responder arrives at the site. Liberty compared Peoples Gas' response times to the standards established by New York State, the only state for which such standards were readily available.³⁸ The tables below show Peoples Gas' response times to the highest-level emergency calls and to all calls.

Response Times to Highest-Level Emergency Calls
(Percent of Calls – call receipt to arrival at the site)

Calls Responded to Within:	N.Y. Standard	Actual 2005	Actual 2006
30 Minutes	75	77.8	80.9
45 Minutes	90	87.3	88.6
60 Minutes	95	~99	~99

Response Times to All Calls
(Percent of Calls – call receipt to arrival at the site)

Calls Responded to Within:	N.Y. Standard	Actual 2005	Actual 2006
30 Minutes	75	72.4	73.5
45 Minutes	90	83.8	84.8
60 Minutes	95	~99	~99

Peoples Gas met two of the three standards for the highest-level emergency calls and one of the three standards for all calls. Peoples Gas had a high percentage of responses within 60 minutes. In addition, Peoples Gas indicated that the primary reason for responding to leaks in excess of 60 minutes was inadequate resources.

Liberty concluded that Peoples Gas needed to evaluate its leak response time profile and determine how best it may improve.

Peoples Gas' Implementation Plan

Peoples Gas rejected the findings and analysis that it did not meet the 30 and 45-minute targets. Peoples Gas accepted the recommendation to reduce the leaks in excess of 60 minutes

³⁸ State of New York Department of Public Service Gas Safety Performance Measures Report.

and stated it would adopt performance goals for leaks responded to within increments of 30, 40, and 60 minutes. Peoples Gas stated that through training, it would increase the awareness of its employees in responding to more leaks in less than 60 minutes. Peoples Gas' plan stated it would:

1. Hold Emergency Response Time Meetings with all Managers, Supervisors, and Engineers by December 1, 2008.
2. Conduct Tailgate Meetings for Field Service Union personnel by December 2, 2008.
3. Complete an analysis of response to leak calls exceeding 60 minutes. Complete a statistical analysis to estimate the probable reduction in Response time for varying increases in resources by December 31, 2008.
4. Based on results of statistical review, allocate additional crews to shifts that have the greatest benefit from increased resources by June 30, 2009.
5. Establish and adopt performance goals for leaks responded to within 30, 40, and 60 minutes by January 31, 2009.

Liberty found Peoples Gas' schedule acceptable; Liberty originally recommended that Peoples Gas make improvements within six months of the date of Liberty's report.

Verification Discussion and Conclusions

Liberty discussed Peoples Gas process for addressing this recommendation.³⁹ Peoples Gas explained that it had carried out a detailed analysis of its emergency response crews' response times from the time it received a gas or odor complaint to the time of the crew's arrival on location. Peoples evaluated its crews response in terms of percent of calls responded to within 10-minute increments:

- For each of its shifts,
- For each of its districts
- For each quarter for the years 2004 through 2008.

Peoples Gas identified those districts, shifts, and time of year when its response time profile might best be improved with the addition of crews, or adjusting shifts start and finish times.⁴⁰ It identified how it might best improve its complaint coverage compared with the times it received its odor and leak complaints, and has begun to implement changes to improve its response profiles. Peoples Gas has also identified 2009 response time goals⁴¹ as follows:

Crew Response Time from Receipt to Arrival (Minutes)	Peoples Gas 2009 Goals % of Calls	NYS Standard
30 Minutes	75	75
40 Minutes	90	
50 Minutes	95	90 (within 45 minutes)
60 Minutes	99	95 ⁴²
Over 60 minutes	< 0.5	

³⁹ Interviews, January 21, 2009, and January 22, 2009.

⁴⁰ Response to Data Request #321.

⁴¹ Response to Data Request #319.

⁴² NYS utilities routinely achieve high 99 percent response times within 60 minutes.

Liberty found that Peoples Gas is meeting its commitments identified in its implementation plan. Liberty plans to evaluate actual response times for 2009.

Recommendation**III-16**

Improve leak management practices.

Peoples Gas can improve leak management practices through a number of actions:

1. Increase the percentage of repairs as opposed to investigations. In part, this will be accomplished through an increased presence of Peoples Gas supervision on site.
2. Improve the consistency of leak-area investigation documentation.
3. Ensure crews evaluate and use information contained on leak repair sketches and barhole reading histories.
4. Re-evaluate Peoples Gas' practice of reducing leak hazard classifications without making repairs at leak locations. Specific questionable practices include venting a leak area or placing a vented manhole cover over a manhole without continuous repair activities.
5. Re-evaluate Peoples Gas' practice of clearing leaks without repairs.
6. Institute a leak recheck of recently repaired leaks to verify the effectiveness of repairs.

Peoples Gas should develop a written plan for meeting this recommendation. The plan should include revised procedures, training, implementing schedules, and specific quality assurance inspections to verify their implementation.

Background

This recommendation concerns improving Peoples Gas' focus on its leak investigations and repairs, specifically Peoples Gas' lack of consistency in conducting and documenting leak investigations, downgrading leaks without repairs or just by venting the area, and clearing leaks without making repairs.

Peoples Gas' O&M Plan, Exhibit II Field Service Manual, section 11 Leak Investigations, describes the actions its field service employees must take when responding to and investigating calls from members of the public who suspect a gas leak or a gas odor.⁴³

When a leak survey operator detects an indication of natural gas, the procedures call for the use of impact bars⁴⁴ to assess the hazard area, and to follow General Order 300 leak investigation guidelines for barhole gas-migration readings. The leak survey operator also is required to fill out a leak ticket form and enter the test point information into the Navigate system. Peoples Gas refers to this as the Navigate leak sketch.

⁴³ Response to Data Request #2. In addition, the O&M Plan Distribution Manual Volume I, Exhibit I, General Order 0.300 contains Peoples Gas' procedure for its distribution personnel in reporting, classifying, rechecking, repairing and clearing of outside natural gas leaks.

⁴⁴ Impact bars are driven into the ground making a barhole, which provides a means to take a gas-in-air reading of subsurface conditions and determine the migration pattern of a gas leak.

Liberty determined that certain actions that Peoples Gas should perform would help improve the company's leak management practices. Those actions would result in a more consistent approach in evaluating gas leak areas, taking advantage of prior investigations of the same leak area, repairing leaks in a more timely fashion, fewer leak hazards left without repairs, and generally tighten its control of ensuring leak areas cleared of gas readings. Liberty recommendations addressed:

- Increasing the percentage of repairs as opposed to investigations
- Increasing the presence of Peoples Gas supervision on work sites
- Ensuring leak area investigation documentation is consistent. Personnel should take leak area migration pattern and test-point readings each day the leak area is under evaluation, as well as when a leak-ticket sketch is initially prepared.
- Encouraging crews to take advantage and use the information contained on leak repair sketches and barhole reading histories to evaluate changes in leak migration patterns and to assist in determining where to make leak repairs.
- Re-evaluating Peoples Gas' practice of reducing leak hazard classifications without making repairs at leak locations. Specific questionable practices include venting a leak area or placing a vented manhole cover over a manhole without continuous repair activities.
- Re-evaluating Peoples Gas' process for clearing leaks without repairs.
- Re-instituting Peoples Gas' practice of rechecking recently repaired leaks to verify the effectiveness of repairs.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas identified the following actions.

- 1) Leak sketches are created in Navigate when a leak is discovered while performing a leak survey or during the initial recheck of a leak initially investigated by an employee who was not assigned a leak survey order. Distribution General Supervisors will print out the latest leak sketch available in Navigate for an active leak and make it available for the Crew Leader assigned to repair the leak. Crew leaders will be instructed to use the information captured in previous leak sketches to more effectively pinpoint and repair leaks. (November 1, 2008.)
- 2) The work management team (WAMS) has proposed to configure the system to attach the latest leak sketch to the leak repair order. (March 31, 2010.)
- 3) The company does not consider the venting of a below ground, outside gas leak as a temporary repair. This activity is discouraged, but on those limited occasions where it is deemed necessary to either vent or allow a temporary repair on a below ground, outside gas leak, the following procedures will be followed. Manager or higher approval will be required and the manager will be responsible for documenting and tracking the number of days until a permanent repair is made. Permanent repairs will typically be made within five (5) business days, but not to exceed ten (10) business days. Daily rechecks will be conducted on all leaks vented or temporarily repaired. The ICC pipeline safety group will be notified if permanent repairs will be delayed for more than 10 days. (November 1, 2008.)
- 4) No leak will be cleared in LKMS prior to an Operations Manager or Construction Manager's review of known work in the area which could account for the leak being cleared. (November 1, 2008.)

- 5) Upon implementation of the new work management system, Peoples will require two (2) successive zero readings before the leak can be cleared after a repair. Additional rechecks must be made no sooner than 3 days and no later than 7 days after the repair. An inquiry will be made as to the feasibility of re-instituting this process in the legacy LKMS system prior to the implementation of the new work management system. (March 31, 2010.)
- 6) Revise Distribution Department General Order 0.300 to add clarity to Action Items Numbers 1, 3, 4 and 5. (March 31, 2009.)

This schedule is an improvement on Liberty's suggested completion of implementation within one year of the date of Liberty's final report.

Verification Discussion and Conclusions

Liberty conducted a series of interviews at Peoples Gas including visiting leak sites to evaluate Peoples Gas' leak investigation crews with their General Supervisors, during the week of January 20-22, 2009.

The Vice President Operations indicated Peoples Gas has increased its attention and formalized its approaches to both inside and exposed piping leaks, as well as to its buried piping leak locations.⁴⁵ Peoples Gas indicated it has been successful in:

- Reducing the number of system leaks per mile,
- Reducing their more vulnerable system components,
- Clearing older type 2 leaks,
- Eliminating temporary repairs its crews made to inside and other exposed piping such as on meter set assemblies. Peoples Gas worked on this by tracking and investigating locations that it had documented as temporary repairs on its "C First" system to ensure Peoples accomplished permanent repairs.
- Reducing the number of pending leaks downgraded in leak classification with a vent hole. Peoples Gas addressed this by requiring:
 - District Manager approval prior to leaving the leak site of an un-repaired leak with an open vent hole or vented manhole,
 - Field Supervisor on site identify the action being taken to address the immediate leak hazard,
 - Ensure field crews complete leak area repairs within 5-10 business days,
 - Conduct daily rechecks until leak repair,
 - General Supervisor enters leak area information into LKMS
 - Peoples Gas generates a spreadsheet of the status of these un-repaired leaks and reports to the ICC safety staff.
- Reducing the number of leaks cleared with no work performed by identifying work actually performed and rechecking the area to verify no leak indications remain.

Liberty reviewed work practices and leak management procedures followed by Peoples Gas' General Supervisors.⁴⁶ Liberty reviewed Peoples Gas' high priority leaks received from the

⁴⁵ Interview #101, January 20, 2009.

previous overnight shifts, how it classified the leaks, the nature of work performed, and how the company scheduled and assigned follow-up work. The General Supervisors ensured crews investigated and worked leaks in accordance with the company's procedures. General Supervisors evaluated the documentation of new high priority leaks and assigned crews for follow-up work activities. Supervisors tracked each un-repaired leak that was downgraded with a vent hole on the "venting log," and ensured its crews were working the location and that the crew had the latest leak sketch and leak readings to assist their investigation. General Supervisors visited the leak locations to evaluate and coordinate leak repair activities. Liberty did not identify any problems with the leaks reviewed.

Liberty reviewed Peoples Gas' leak management practices (of leak crews' responses, procedures, and documentation) of leaks they investigated with Central and South District Operations Managers.⁴⁷ Liberty also reviewed the actions taken due to the December 19, 2008, memo from Operations Managers to operations supervisors and engineers, and the December 31, 2009 memo from Vice President Operations to operations supervisors and engineers.⁴⁸ The memos required:

1. The General Supervisor on field duty will be required to obtain manager approval to downgrade a leak either by venting or performing a below ground temporary repair.
2. The General Supervisor on field duty will be required to enter documentation in the Vented Leaks spreadsheet for tracking purposes: date vented, crew leader, address, reason for venting, leak number, approving manager or higher, and action taken.
3. The approving manager will be required to enter documentation of his or her approval in the Vented Leaks spreadsheet and track the number of days until the company makes a permanent repair. Peoples Gas will typically make permanent repairs within five business days; it will not to exceed ten business days. There may be a rare occasion when Peoples Gas must repair the leak by a main replacement project that may require additional time but personnel will monitor the leak to ensure it does not escalate in severity [and the Vice President of Gas Operations will be notified regarding the circumstances and the recommended course of action].
4. All leaks downgraded by venting or performing a below ground temporary repair will be rechecked daily and a leak sketch must be completed using the Leak History Report Form 536 for each recheck to provide the migration history of a leak through all recheck inspections. Leak rechecks of vented gas leaks or below ground temporary repairs will be recorded on the back of the Leak Indication Form 1644 and the General Supervisor will enter each recheck performed outside the Navigate system into LKMS daily, until the venting is discontinued or the leak has been permanently repaired.

Liberty determined the General Supervisors and Operations Managers were implementing the duties required in the memos to discuss with Operations Managers those un-repaired leaks and

⁴⁶ Interviews with General supervisors, January 21-22, 2009.

⁴⁷ Interviews with Operations Managers, January 21-22, 2009.

⁴⁸ Response to Data Request # 323. The underlined words are the additional words included in the Vice President Operations memo of December 31, 2008.

those downgraded with a vent hole/venting manhole cover. This class of leaks are documented on logs, and worked or monitored on a daily basis, with a goal of repair no later than 10 days. Peoples Gas prepared a PowerPoint presentation to assist its personnel in locating sketches of leak migration pattern locations produced and documented on Navigate.⁴⁹ Liberty verified leak sketches were prepared and in use by field crews on leak locations.

Central Operations Manager and South Operations Managers evaluated leak repair activities slightly differently; however, they reviewed the same types of activities. Operations Managers requested that their field crews notify off duty managers to discuss those un-repaired leak locations the general supervisors are requesting permission to leave and document as a vented location for follow up work the next day. Operations Managers were reviewing leak repair tickets, the nature of work and discussing any problems with general supervisors. General Supervisors⁵⁰ and Operations Managers were monitoring the “Y” log, Vented Gas Leak Log, located on Y: Public\Gas Operations Venting Gas.

Regarding leaks cleared without repairs, the Operations Managers required their general supervisors to identify work in the area (review known work in the area that could account for the leak being cleared) and be prepared to discuss the leak location with the Manager before the leak was accepted as clear without repair codes.

Liberty determined that processes Peoples Gas developed to improve its leak response and investigations, as well as tracking leaks downgraded in classification with a vent opening, appear to address the issues Liberty identified.

Regarding verifying the effectiveness of leak repairs by means of instituting a follow-up recheck of the leak area, Peoples Gas committed to developing a procedure and reinstitute rechecks after leak repairs beginning April 6, 2009. This would be a paper system, and Peoples Gas would also explore the cost and time required to establish the new leak recheck order type from the vendor of the Navigate system.

Liberty will continue to evaluate Peoples Gas improved work practices to determine consistency of implementation and to ensure leak management practices have improved including:

- Crews are working leaks; General Supervisors are spending more time on site with crews.
- Leak sketches of leak migration patterns are created and being used by field crews.
- Daily monitoring of, leaks downgraded without repairs with vent opening, and leaks with vented manholes, are repaired within 5-10 days.
- Leaks to be vented without repair are receiving Operations Manager’s approval before crews leave the leak site with a vent,
- Leaks cleared without a repair, are reviewed and approved by Operations Manager.
- Leaks repair locations receive a verification recheck to verify the effectiveness of leak repairs in clearing the leak location.

⁴⁹ Response to Data Request # 325.

⁵⁰ Interview, General Supervisor Central District, January 22, 2009.

Recommendation

III-17

Reduce the year-end leak backlog.

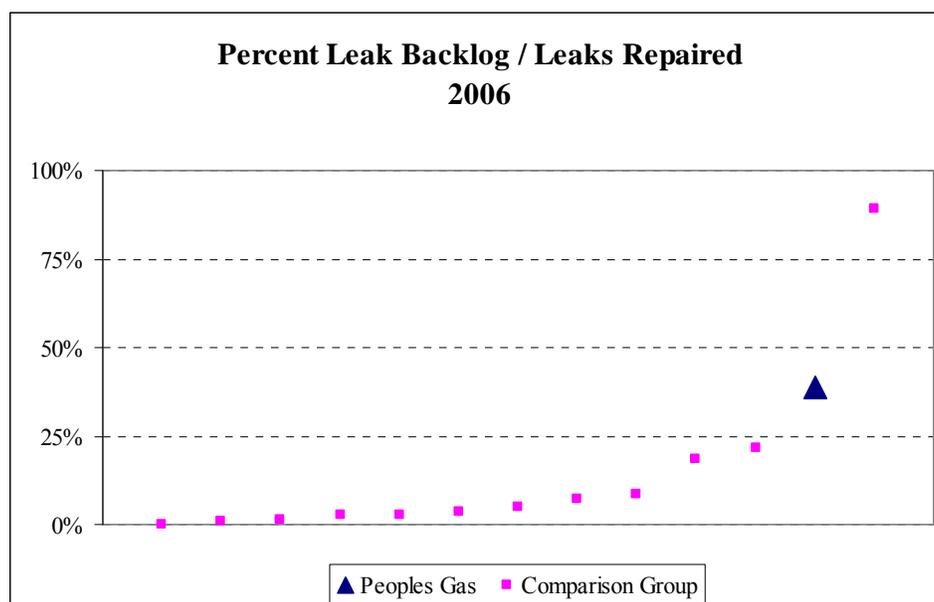
Peoples Gas needs to repair more leaks and reduce the level of backlogs at year-end. In both relative terms, compared to its peers, and absolute numbers of leaks outstanding, Peoples Gas' leak backlog is too high. Peoples Gas should reduce the backlog so that the percentage of the leaks in backlog at year-end is less than 10 percent of the number of leaks repaired during the year. Peoples Gas should develop and implement a written plan for meeting this recommendation. The plan should include specific goals for reducing leak backlogs and repairing more leaks, including target levels for leak backlogs at year-end for the current and following two years.

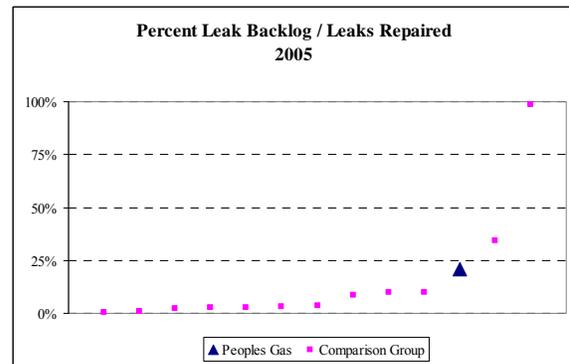
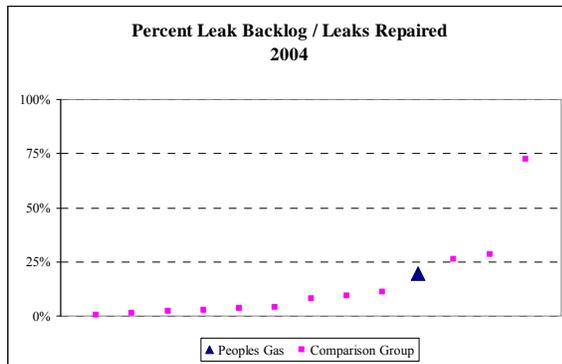
Background

Peoples Gas has had a comparatively large leak backlog at year-end, a time of year when frost cover presents the highest risk for hazardous gas leak migration. Peoples Gas carried over 500 leaks in need of repair at year-end 2005. This level of backlog is high in relation to the number of leaks repaired.

The number of leaks in the backlog at year-end divided by the number of leaks repaired is a metric that reflects the risk posed to the public by allowing leaks to go un-repaired at year-end. Good operators reduce their leak backlog levels prior to frost conditions. Liberty compared this measure for Peoples Gas with a peer group. Peoples Gas' measure was about 25 percent while the peer group was below 10 percent.

This metric compares the leak backlog with the actual leak repair efforts. The charts below show the number of known leaks at year-end scheduled for repair as a percentage of the total number of leaks repaired during the year. A higher number reflects poor repair numbers compared with leak backlogs. An acceptable performance number is in the low single digits.





Peoples Gas' leak backlog performance presents an unacceptably high risk. To increase safety, Peoples Gas needs to reduce its backlog of leaks, *i.e.*, repair more leaks.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas indicated that it planned to:

- Reduce the number of underground leaks by increasing leaks repaired versus leaks received by October 1, 2008.
- Implement a policy of repairing 110% of leaks received immediately.
- Provide copy of November 19, 2008, report on Status of Leak Indications by November 21, 2008. This schedule is consistent with Liberty's recommendation that Peoples Gas should develop a plan within three months of the date of Liberty's final report.
- Continue this rate of leaks repaired versus leaks received (110%) through the end of 2009.
- Achieve a reduction in the backlog so that the percentage of leaks in backlog compared with leaks repaired by year-end 2009 is below 10 percent. (Note that this differs from the response to Data Request 327, which identifies the year-end 2009 goal as 14 percent. Actual for year-end 2008 was 17.7 percent).
- Maintain a report that keeps a yearly cumulative total of leaks cleared and leaks repaired to track achievement of reducing Peoples Gas year-end backlog of leaks to be repaired.

Verification Discussion and Conclusions

Liberty reviewed weekly reports of leaks received and repaired as well as for the calendar year to date period for the weeks ending November 19, 2008, and January 14, 2009.⁵¹ Liberty determined that Peoples Gas has cleared more leaks for both year to date periods, and met its goal to repair and clear 10 percent more leaks than the number of leaks received for the year.

⁵¹ Response to Data Request # 301

Liberty determined that Managers are paying greater attention to and tracking leaks, reducing backlogs, are discussing leaks daily and holding weekly meetings between General Supervisors and Managers to discuss how best to schedule and repair older leaks approaching 12 months.⁵²

The table below provides a history of Peoples Gas' year-end pending leaks and number of leaks cleared for each year since 2003.⁵³ For 2009 and 2010, Peoples Gas' goal is to reduce the percentage of pending leaks to leaks cleared at the end of the year to be equal to or less than 14 percent for 2009 and 10 percent for 2010.

	Pending Leak Repairs as of 12/31	Leaks Cleared	Percent Pending
2003	540	3,084	17.5
2004	497	2,845	17.5
2005	522	2,834	18.4
2006	865	2,477	34.9
2007	819	3,286	24.9
2008*	555	3,127	17.7

* as of 12/24/2008

Liberty will continue to monitor Peoples Gas' progress in reducing its leak backlogs at year-end.

⁵² Interviews with General Supervisors and Operations Managers January 22-23, 2009.

⁵³ Response to Data Request # 327.

Recommendation**V-2**

Review and reduce non-training job duties of instructors.

Background

Liberty concluded that some training instructors had too many other responsibilities or too little experience. Instructors must have time to attend training courses to maintain and improve their knowledge of subject-area work activity. Instructors must also have time to conduct field observations of subject-area work activities and interface with employees in the field. Such knowledge is necessary to strengthen and broaden their understanding and knowledge in their subject areas and maintain their confidence in order to train others. Training courses are readily available and include training seminars, educational and teaching seminars, committees, and meetings. For example, Leak Handling instructors would clearly benefit by attending leak investigation and emergency response courses provided by Heath Consultants or by others such as TSI, MEA, and other gas safety seminars as well as field observations of actual leak response and leak investigations.

Generally, the number and quality of training sessions attended by instructors were not sufficient. Many instructors have little or no training in the subjects they are instructing. Liberty reviewed a sample of the training taken by training instructors, including the entire training of the Locating and Marking instructor. Liberty found that he had received no training on that subject between January 2002 and September 2007.

Liberty recommended that Peoples Gas review and reduce non-training job duties of instructors. The primary duty of the instructors is to instruct. This requires that the instructors take appropriate training themselves, both initially and with regular refresher classes, to become expert in the subjects they teach, and to maintain that expertise on a current basis. As currently configured, their job duties allow no time for their training. Liberty recommended that Peoples Gas implement changes within 18 months of the date of Liberty's final report.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas identified the following actions.

1. Analyze and determine the continuing education needs of TTS instructors.
2. Research internal and external training programs for instructor staff and complete the scheduling of training.
3. Technical support resource needs to handle current non-training duties of instructors.
4. Final determination of need for additional technical support personnel.
5. Latest start date for the possible one additional technical support.
6. Instructors relieved of non-training duties.
7. Complete the first cycle of continuing education training for TTS instructors.

Verification Discussion and Conclusions

On February 10, 2009, Liberty reviewed the following documents submitted by Peoples Gas:

1. instructor courses memo, document dated November 19, 2008⁵⁴
2. instructors non-instructing hours memo, dated November 12, 2008⁵⁵
3. instructor continuing education research memo
4. MEA leak detection seminar information
5. Fischer regulator course information

Documents nos. 1, 3, 4, and 5 show that there is an effort to train TTS staff. However catch-up will be especially difficult because the heavy workload that presently exists for staff remains until additional personnel can be brought aboard, freeing up time for staff to attend training.

Peoples Gas has made progress on action items 1 and 2 of this recommendation, addressing training for instructors and making some progress in analyzing and determining the continuing education needs of instructors. However, it remains to be determined how many of the available training seminars mentioned in action items nos. 3, 4, and 5 above will be actually attended by TTS instructors.

Liberty is concerned about the information provided in document #2, which listed for each instructor a description of the non-instructor duties and hours spent on each task per year. There were 2,569 hours of non-training tasks and after subtracting a possible 546 hours for “maintenance” that could be given to others, it still left 2,023 hours. According to the TTS manager, the addition of one technical person would be able to handle these non-training duties. Liberty suggested a revisit of this analysis to take into consideration the hours in a year, vacation time, sick time, and special projects that arise.

With regard to action item #3, Liberty observed that although Peoples Gas has made commitments to increase staffing and reduce non-training activities for TTS instructors, the conditions at TTS remain the same. Positions that TTS requested last October recently have been approved, but the long delay in the approval process will drastically reduce the time necessary to train an additional technical support person that would relieve non-training duties of the instructors. The TTS manager is concerned about filling positions because management has changed the pension plan to eliminate any incentive for a knowledgeable union person to apply. The TTS manager and his staff are doing their best to meet their responsibilities regarding Peoples Gas’s Implementation Plan. However, their frustrations are evident with senior management's lack of support for timely resources needed to meet the target dates of the plan.

According to action item #5 in the implementation plan, the latest start date for the addition of one technical support person was March 31, 2009, and action item #6 states that instructors will be relieved of non-training duties by April 30, 2009. Liberty found that the technical support person requested by TTS last October was not approved until very recently. TTS is confident that they will be able to hire a technical support person by the target date. This would leave at most only one month to train that person in all the non-training activities. This is not realistic and there would be no way for Peoples Gas to relieve instructors of non-training duties by April 30, 2009.

⁵⁴ Response to Data Request #366.

⁵⁵ Response to Data Request #369.

A more realistic target date for relieving instructors of non-training duties would be August 31, 2009. TTS should review and reassess the need for an additional technical support person by this same date and add the staff by October 30, 2009. Liberty discussed these action items with the TTS manager, and he agreed to revise the plan for recommendation V-2 accordingly. Liberty will continue to monitor this recommendation over the next several months.

Recommendation**V-5**

Analyze crew leader retest failures.

Background

Liberty found that Peoples Gas does not perform an evaluation of OQ requalification test failures. Peoples Gas should perform an analysis to determine in what areas (covered tasks) crew leaders are failing retests. The number of job classifications involving crew leaders who needed a “90 day retest” for failing a distribution covered task is problematic, particularly since the retest report indicated “no concept” (no basic understanding) in many cases. Some crew leaders may concentrate on certain tasks and not perform other tasks often enough to keep their knowledge and skills current. Peoples Gas needs to re-evaluate training intervals due to the infrequent or repetitive nature of performing a covered task identified by the retest analysis.

Peoples Gas’ Implementation Plan

The action items for this recommendation are:

1. Initial review of covered task failures for the most recent OQ period
2. Review of covered tasks failures for the past three years
3. Revised material for upcoming refresher training covering an area of failures
4. Follow-up review of covered tasks failures for the subsequent OQ period.

Verification Discussion and Conclusions

Liberty reviewed the documents submitted by Peoples Gas regarding action items #1 and #2, and found them to be acceptable and complete.⁵⁶ The General supervisor/instructor did an excellent job identifying each task failure, what caused the failure, and what to know to correctly complete a task.

The following is an example:

TASK: Install Cast Iron to Steel Dresser Coupling

Task failures due to:

1. Coupling attempted to be installed backwards
2. Gaskets installed on wrong type pipe
3. Gaskets installed backwards
4. Coupling centered not positioned 2/3 on cast iron, 1/3 on steel
5. Insulator left out

What to know to complete this task correctly:

- While the steel ring will not fit the cast iron pipe, the cast iron ring will fit over both sides (more loosely on the steel side). These rings need to be installed on the correct type of pipe material.

⁵⁶ Response to Data Request #370.

- The gaskets are designed quite differently. The gasket for the cast iron main has a rubber “skirt” attached. This gasket is installed on the cast iron main with the skirt extending beyond the ring on the cast iron side.
- The gaskets are tapered. The taper points into the barrel of the coupling.
- This fitting does not get centered between the pipe ends. There is more cast iron pipe installed into this coupling than steel (2/3 – 1/3). This is to ensure the insulation of cast iron from steel during pipe deflection.
- The insulator components (plastic skirt and ring) need to be installed to complete the insulation of the two different pipe materials.

With regard to action item #3, Liberty reviewed the material and observed the deliverance by the General Supervisor/instructor during the Crew Refresher “Train the Trainer” training class on February 11, 2009.⁵⁷ For Distribution department between the years of 2006-2008, there were 118 employees failing OQ tasks. Of those failing, 78 employees failed at least one practical exam, some more than one. Forty employees failed one or more written tests only. While TTS documented failures in all the various practical exams, the instructor focused on the most common practical OQ failures for those years. Again, the instructor did an excellent job in developing and presenting this material which was interesting to all those attending this class.

Peoples Gas gave the “Train the Trainers” Distribution Crew Refresher course to six supervisors, representing two from each shop. The distribution department from each shop sends their supervisors to TTS for training, and they in turn go back to the shops and train their personnel. In contrast, the Service department from each shop sends all their personnel to TTS for training. Distribution supervisors are responsible for planning, scheduling, and assigning work for employees engaged in construction, operations, maintenance, and repair of the gas distribution system. It takes seven to ten days for supervisors to conduct the necessary training at the shops, thus taking away valuable time from their primary activities. The first 45 minutes of this course related to how to be a trainer. In addition, an important part of this course was review of the 113 new and revised distribution orders and 15 bulletins that affect company procedures. TTS trainers are more familiar with changes in procedures and bulletins because they write them and they would be more capable to address questions or concerns from field personnel than to have supervisors present this information. The TTS trainers are more efficient and would be able to ensure that training would be consistent for all three shops. Peoples Gas can only accomplish this by having the TTS trainers do what they are supposed to do – train. TTS trainers could give this class at shop locations saving travel time for distribution personnel.

Peoples Gas has done an excellent job in responding to this recommendation. It will not complete action item #4 until November 25, 2009; this recommendation will remain open.

⁵⁷ Response to Data Request #371.

Recommendation**V-6**

Modify requalification interval practices.

Background

Liberty found that Peoples Gas' requalification interval was not consistent with industry practices. Peoples Gas' OQ Plan, Appendix A, shows requalification intervals for each covered task. The maximum interval is three years. In addition, throughout Peoples Gas' O&M Plan, numerous sections state "... employee must re-qualify every three years." However, Liberty found that several employees were past their three years for requalification. Language in the OQ Plan states that, "Subsequent evaluations will be performed before the end of the third (or other as specified in Appendix A) calendar year after the calendar year in which the previous evaluation was successfully completed." Peoples Gas stated this could mean that a person could go as long as three years, eleven months before requalification. The majority of operators use either three years to the day or three years not to exceed 39 months for requalification intervals.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas accepted this recommendation and indicated that it would conform, by having Operations send personnel in for requalification by their due dates. It committed to updating the OQ Plan document and communicating the policy change by the end of 2008.

Verification Discussion and Conclusions

Peoples Gas modified its requalification interval practices and changed its OQ plan (section 5.2 evaluation of qualifications, page 8) to require requalification within three years or not to exceed 39 months.⁵⁸

Liberty met with the TTS manager and staff regarding the logistics of implementing the policy changes and there seems to be no concern with the coordination between shop managers and TTS. Liberty and the ICC Staff will monitor re-qualifications for the next few cycles.

Liberty has verified that Peoples Gas has made the necessary changes to its procedures to reflect implementation of the recommendation. Liberty's verification work is complete.

⁵⁸ Response to Data Request #372.

Recommendation**V-7**

Address the new Pipeline and Hazardous Materials Safety Administration (PHMSA) training requirements.

Background

Liberty concluded that Peoples Gas had not addressed several new training requirements from PHMSA. Peoples Gas was deficient in responding to two recent PHMSA's Advisory Bulletins, both related to excavation damage prevention. One relates to ensuring that individuals critical to damage prevention at construction sites are qualified to perform the necessary safety tasks, including one call notifications, line locating and marking, and inspection of the construction activities. The other emphasizes the importance of accurately locating and marking underground pipelines before construction related excavation activities commence near the pipelines and to urge operators to follow the best practices on damage prevention found in the Common Ground Study. Peoples Gas has not trained its instructors on the new requirements and has not incorporated them into the relevant course curriculum.

Liberty recommended that Peoples Gas address the new Pipeline and Hazardous Materials Safety Administration (PHMSA) training requirements. Peoples Gas should train instructors and add to course curricula the new requirements and guidelines contained in the PHMSA Advisory bulletins.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas indicated that it would complete the following action items:

1. Comparative study of the requirements and guidelines from advisory bulletins 06-01 and 06-03 two current course curricula related to excavation damage prevention, and train instructors on this information.
2. Identify gaps in current training curricula shown by the comparative study to ADB 06-01 and 06-03 requirements and guidelines.
3. Review and compare the CGA best practices to current excavation damage prevention processes training curricula; and the NULCA locator training standards and practices to current training curricula.
4. Identify gaps in current training curricula shown by the comparative studies to CGA best practices and NULCA locator training standards.

Note: Peoples Gas revised these action items on February 11, 2009, during Liberty's on-site verification work.

Verification Discussion and Conclusions

Peoples Gas submitted the following documents during Liberty's interview on February 10, 2009:

1. Communications to TTS Sr. instructors and leaders

2. Advisory bulletin (ADB-06-03)
3. Comparison of NULCA training standards versus Peoples Gas training material⁵⁹
4. Peoples Gas versus CGA Best Practice Comparison
5. Phase 1 & 2 Gap Analysis⁶⁰

Liberty reviewed Peoples Gas' communications to TTS Senior instructors and their leaders regarding the PHMSA Advisory Bulletins on safe excavation and safe excavation locating practices. The document summarized in a clear fashion the key messages from bulletins ADB 06-01 and ADB 06-03.

The company reviewed each NULCA "units of competence," which includes an explanation of the unit, elements of competence, and performance criteria. For each of these "units," Peoples Gas developed a response or recommendations for any deficiencies or clarifications that it might need. The review is complete, but Liberty will spend additional time to verify actual changes or additions in training materials, company procedures, and classroom presentations.

The Peoples Gas comparison to CGA best practices only responded to CGA practice statements involving locators. Others within Peoples Gas will need to review CGA information.

Peoples Gas did an outstanding job in developing these documents that clearly identify areas where the company can adopt best practices. In particular, the spreadsheets for Gap Analysis between CGA and Peoples Gas practices is thorough and includes gap description, corrective action, and any follow up that might be needed. Liberty will continue to verify the implementation of the findings.

Items 1, 2, 3, and 5 are complete but will need significant time to verify implementation. A major contributing factor to complete this recommendation lies in the scheduling of TTS training classes such as OQ, which does not start for distribution until June. TTS has canceled or added classes in the past and they have offered to send Liberty their training schedule on a weekly basis to help schedule future trips. The supporting document submitted by Peoples Gas for #4 above (Peoples Gas versus CGA Best Practice Comparison) is not complete, but Peoples Gas will address this as an added action item under Recommendation II-13.

Liberty will need to continue evaluating the implementation of this recommendation.

⁵⁹ Response to Data Request #341.

⁶⁰ Response to Data Request #342.

Recommendation**V-9**

Provide the means for, and require that, General Supervisors spend more time in the field on job sites with their crews.

Liberty recommended that Peoples Gas identify means of increasing the effectiveness of their General Supervisors, eliminating tasks that keep them away for their primary activities, and increasing their on-site supervision of crews. Peoples Gas' Operations Field Support should continue to develop its planning applications function to perform routine planning for code compliance activities to relieve General Supervisors from performing tasks and activities in the office. In addition, Peoples Gas may need to hire more General Supervisors. Peoples Gas should develop a written plan for meeting this recommendation. The plan should include schedules and specific goals for General Supervisor on-site time.

Background

Liberty conducted a series of field inspections of district operations, meetings with managers and General Supervisors, and observations of crews performing various code-mandated activities such as planning routine code-mandated inspections.⁶¹ Liberty's observations of crews in the field at work locations generally found that General Supervisors were not at the job site. Liberty often observed General Supervisors accomplishing paperwork in the district office or performing planning functions at their desks.

Liberty concluded that General Supervisors do not spend sufficient time on job sites with their crews.

General supervisors should spend the majority of their time on site with field crews. However, they have a variety of office duties that keep them otherwise occupied. During Liberty's observations, they were usually not at the job site. Many of the office duties are routine planning activities that the Field Support Planning group could perform. The solution may also require hiring more General Supervisors.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas stated it should be allowed to implement the Work and Asset Management System (WAM) system and staff the centralized planning group before making a decision on this recommendation. Consideration must also be given to acceptance of related recommendations within this audit.

Peoples Gas stated that it is in the process of implementing a new computer system to replace some of the legacy systems in use today. The system will handle many of the office tasks currently performed by General Supervisors such as permit management. The system will also eliminate the need to review time and work tickets. Peoples Gas expects that the system will in itself, increase the effectiveness of the General Supervisors, both in the field and in the office.

⁶¹ Inspections and observations made June 5-7, 2007, July 17-19, 2007, August 13-16, 2007, September 17-20, 2007, November 14-15, 2007, April 30, 2008, and May 1, 2008.

In conjunction with the WAM system, the centralized planning group will take over some of the daily tasks currently performed by general supervisors. These tasks include planning and assigning regulatory work, assigning locate requests and assigning valve inspections.

In addition to the above, the Compliance Monitoring Group (CMG) will take over responsibility for performing all field QA/QC audits. This will free up time for supervisors to spend more time directly supervising crews.

Peoples Gas implementation plan dates include:

- CMG to perform all shop QA/QC audits by August 30, 2009
- Centralized Planning to manage safety surveys by February 1, 2009
- Centralized Planning to manage valve inspections by February 1, 2009

Verification Discussion and Conclusions

Liberty observed more General Supervisors' time with leak crews in the field. Other General Supervisors and their increased on-site supervision will require additional assessment and evaluation.

The Planning section is in the process of determining how to take on more planning duties from the General Supervisors including scheduling of valve inspections in South shop as well as meter and regulator changes.⁶² This would be a step toward freeing up time for the General Supervisors to spend more time in the field with their crews.

Liberty will continue to evaluate Peoples Gas actions on this recommendation.

⁶² Interview #102, January 20, 2009.

Recommendation**V-11**

Develop a structured process for long term planning.

Peoples Gas should develop its long-term plans for the distribution system in a more formal, structured process. This includes having plans with greater specificity, and developing and updating long-term objectives, intermediate goals, and recommendations.

Background

The Engineering Distribution Design Group performs the functions of reviewing system assets, determining future system needs, determining what system design parameters it needs to achieve in terms of system load, system pressures, and design-day requirements, and developing a delivery system capable of providing those supply needs for the future. Those system plans involve an assessment of the materials and components that Peoples Gas will need to replace and a framework for doing so. The framework includes guidelines for identifying current replacements, integrating those efforts with third-party construction projects, and meeting short- and long-term goals.

Liberty concluded that Peoples Gas' informal long-term planning process identified the following long-term goals.⁶³

- Remove all cast iron and wrought iron from the distribution system by the year 2050.
- Extend and loop the 150-psig interstation system to enhance system reliability.
- Replace as much of the low-pressure distribution system as practical through low-pressure to medium-pressure conversions, retiring low-pressure regulator vaults, replacing vulnerable segments, and identifying higher cost-benefit opportunities.
- Extend the medium-pressure feeder supply network for adequate for supply pressure and emergency shutdowns of segments on the system.

Peoples Gas applies to this process spatial analysis, which is a general geographic identification of areas of its system installed with similar factors (*e.g.*, age, materials, and leak rates).

Peoples Gas' long-term planning efforts lacked structure. It did not involve a systematic, comprehensive, and documented process describing the issues evaluated and the process' findings, conclusions, and recommendations.

Liberty recommended that Peoples Gas develop its long-term plans for the distribution system in a more formal, structured process. This includes having plans with greater specificity, and developing and updating long-term objectives, intermediate goals, and recommendations.

Peoples Gas' Implementation Plan

In its implementation plan, Peoples Gas stated that it would provide a formal structured process for long term planning. The documentation of the process will be completed by December 1,

⁶³ Interview with Engineering Distribution Design May 15, 2008, and September 19, 2007.

2008 and the implementation within 6 months. The process will include long-term goals and vision as well as a process for the evaluation of projects towards those goals.

Development and documentation of the process:

- Completion of the long term analysis and design – March 1, 2009
- Implementation of process by April 1, 2009

Verification Discussion and Conclusions

Liberty found that Peoples Gas provided a framework for its long-term planning process.⁶⁴ It needs to supply the details of its process steps to allow Liberty to evaluate the process. The process steps included in the framework appear to be the correct ones. Explanations provided during the audit confirmed this.⁶⁵ Peoples Gas' long-term process steps have included:

- Identify demand forecasts
- Supply/receipt points
- Evaluate Design days versus a fault analysis
- Its plans include a full network model of its future system
- All LP to MP is completed
- CI/DI is replaced
- Recommendation guidance on replacements and improvements to go to Medium Pressure delivery system
- Peoples Gas' design day/peak day is 91 degree day (minus 20 degrees F with a 2 degree variance)
- Long-term planning reviews every project 8" and above to determine if it meets current, intermediate, and future needs.

⁶⁴ Response to Data Request # 331.

⁶⁵ Interview #106, January 23, 2009.

Appendix A – Peoples Gas' Implementation Plan

#: I-1

Updated

1/22/2009

Recommendation:

Improve the management-level organization.

Peoples Gas should have one manager for each of the functions listed below, who would have matrix responsibility for that function for all three divisions, and report to the Vice President on that function: Damage Prevention, Corrosion Control, Leak Management, Operator Qualification and Training, Quality Assurance and Performance Monitoring

Owner:

Ed Doerk / Reply be T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

COUNTER

If Counter, Please Explain:

The Company agrees that centralizing damage prevention and assigning a manager/leader of System Integrity makes good sense. Separate management of Operator Qualification and Training is under review. The Compliance Monitoring Group will be taking on responsibility of the Quality Assurance under existing CMG leadership. Corrosion Control is currently under direct leadership of an assigned manager. Performance management will be assigned to Compliance Monitoring under current leadership. Leak management is best handled through district shop management as it exists today.

Support Accept/Reject Position:

New federal rules being promulgated regarding distribution integrity management will be leading us to be even more proactive regarding damage prevention. A manager/leader and staff will be assigned this responsibility. All other initiatives have individual manager ownership with the exception of leak management. Because leak management is so closely tied to the daily maintenance work for each shop, we feel it is most effective to keep management of leaks under the direct control of individual district management.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Obtain authorization for the additional headcount to staff new System Integrity group - See II-5	Target Date:	10/31/2008	Yes
2- Technical Training and Standards reorganization to address operator qualification and training issues	Target Date:	3/31/2009	Revised
3- Quality Assurance transition to the CMG see action plans listed for implementation plan V-8.	Target Date:	See V-8	No
4- Hire Manager of System Integrity -See II-5	Target Date:	3/31/2009	-
5- Hire / assign staffing for System Integrity - See II-5	Target Date:	6/30/2009	-

Resources Needed:

Internal
Sr. management support
HR staffing
External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M			\$792,632		
Capital					

Comments: Fully loaded cost for one manager, one admin. assistant, and 4 engineers

Deliverable Items:

Establish new System Integrity group effective 3/31/2009

Questions for Liberty Staff:

Comments:

#: II-1

Updated

1/22/2009

Recommendation:

Change replacement weighting factors to assign a higher priority to vulnerable components and those with greater risks.

Peoples Gas needs to re-evaluate the values assigned to the various factors in its main evaluation process. It should assign higher values to components with a higher probability and consequence of failure. Peoples Gas' processes should result in elimination of vulnerable facilities that could affect structures such as schools, hospitals, and nursing homes. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Brad Haas

Owner's Email:

bdhaas@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position: Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas considers and weighs many factors before making repair/replacement decisions regarding its infrastructure. The majority of these decisions are based on identifying components with a higher probability and consequence of failure. Current evaluation criteria includes an analysis of the material, pressure and maintenance history of the gas carrying component, as well as the maintenance history of similar gas carrying components. Peoples Gas also considers pending leaks, meter location, ground cover, number and type of low pressure regulators servicing an area, customer loads, backfeeds to an area and changing urban fabric. Peoples Gas concurs that facilities such as hospitals, schools and nursing homes require unique considerations and agrees to analyze its infrastructure adjacent to these types of facilities and if appropriate adjust the weighting values accordingly.

Action Items to Complete:

		(MM/DD/YYYY)	Completed
1-	Obtain Landbase data identifying schools, hospitals and nursing homes from the City of Chicago	Target Date: 11/10/2008	Yes
2-	Update PGL's Geographic Information System (GIS) with landbase information	Target Date: 10/17/2008	Yes
3-	Run queries in GIS to determine types and scope of PGL facilities (Cast/Ductile iron) that are adjacent to schools hospitals and nursing homes.	Target Date: 12/1/2008	Yes
4-	Assess weighting values.	Target Date: 1/5/2009	Yes
5-	Implement changes	Target Date: 3/2/2009	

Resources Needed:

Internal
Sr. GIS Specialist, Database Administrator, Manager of Distribution Design - South

External
City of Chicago - GIS Department

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$5,000	\$1,000	O&M	N/A	N/A
Capital			Capital		

Comments:

Deliverable Items:

The Engineering-Distribution Design Section will coordinate with the City of Chicago's GIS section to obtain data regarding the location of facilities such as schools, hospitals & nursing homes. A number of Geographic Information System (GIS) queries will be performed to determine the proximity and characteristics of PGL's infrastructure adjacent to these types of facilities. The project ranking software will be modified to accept new weighting factors.

Questions for Liberty Staff:

Comments:

#: II-2

Updated

1/22/2009

Recommendation:

Improve the coupon-sampling program.

Peoples Gas should ensure that:

- 1- The coupon collection and analysis program continues
- 2- The results of coupon sampling analyses are integrated with pipe condition information reported by its field crews
- 3- The coupon collection is representative of main conditions in all areas of its system
- 4- The program's results are incorporated systematically into the main replacement process.

Owner:

Brad Haas

Owner's Email:

bdhaas@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas currently has a procedure in the Operating & Maintenance Plan (Corrosion Control Order 8.137) that specifies when a coupon sample is to be obtained. Addressing Liberty's recommendations in the order listed above:

- 1. Peoples Gas currently has no plans to discontinue the coupon analysis program.
- 2. The results of the coupon sampling analysis is currently integrated with pipe condition information reported by field crews.
- 3. The coupon collection is representative of all low pressure mains identified as "poor" in all areas of the distribution system.
- 4. The results of the coupon analysis is currently incorporated into the main replacement process.

Action Items to Complete:

		Target Date:	(MM/DD/YYYY)	
1-	Perform an internal review of records to validate adherence to Corrosion Control Order 8.137 regarding coupon sampling.	12/15/2008		Yes
2-	Provide training / communication if procedure is not being followed properly.	3/31/2009		Revised
3-	A report of coupons collected for 2009 and beyond will be generated quarterly to demonstrate the program's consistency and effectiveness	3/31/2009		No
4-	Revise corrosion order 8.137 to include coupon sampling of medium pressure gas main segments that have been evaluated and identified as "poor" by field personnel.	3/31/2009		No
5-				

Resources Needed:

Internal

Technician, Engineer, Instructor

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$6,000	N/A	O&M	N/A	N/A
Capital	N/A	N/A	Capital	N/A	N/A

Comments:

Deliverable Items:

The Distribution Design Section will perform an internal review of 2008 Main Maintenance Tickets to validate that coupons were taken (or if main was replaced) in accordance with Corrosion Control Order 8.137. Distribution Design will work with the Technical Training & Standards Section to provide follow-up training / communication to field crews as appropriate.

Questions for Liberty Staff:

Comments:

#: II-3

Updated

1/22/2009

Recommendation:

Evaluate cast iron replacement policies and increase replacement rates in the North district.

Within three months of the date of this report, Peoples Gas should document a plan for cast iron replacements.

Owner:

Brad Haas

Owner's Email:

bdhaas@integrysgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

Counter

If Counter, Please Explain:

Peoples Gas agrees that cast/ductile iron replacement rates in the South & Central district territories has out paced that of the North district territory and will evaluate their cast/ductile iron replacement criteria. However Peoples Gas believes it should upgrade its system based on a set of criteria that considers system integrity and risk rather than

Support Accept/Reject Position:

Peoples Gas will evaluate their cast/ductile iron replacement criteria and modify the GIS project selection program to include new weighting criteria.

Action Items to Complete:

(MM/DD/YYYY)

1-	Identify and assess risks in the gas distribution system infrastructure.	Target Date:	11/10/2008	Yes
2-	Capture and update the geographic Information System (GIS) database with the necessary attributes to query and quantify risks.	Target Date:	11/10/2008	Yes
3-	Assign a weighting value to identified risks.	Target Date:	12/1/2008	Yes
4-	Modify the existing GIS project selection program to include new weighting criteria and issue final report.	Target Date:	3/2/2009	No
5-		Target Date:		

Resources Needed:

Internal

Sr. GIS Technician, Database Administrator, GIS Technician, Programmer, Distribution Managers

External

Sr. GIS Technician is currently assigned the WAM project. May need to obtain temporary staff to perform GIS queries.

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$27,300	N/A	O&M	N/A	N/A
Capital	N/A	N/A	Capital	N/A	N/A

Comments:

Deliverable Items:

The final report will be based on the findings and recommendations of the Gas Distribution System Design Task Group. The task group was formed on April 24, 2008 and is charged with identifying and consolidating the processes utilized to evaluate and select gas main construction projects to meet the company objective of upgrading the gas distribution system in the most cost effective manor while managing risk and maintaining system integrity. The process will take a holistic view and consider and weigh multiple components by assigning greater values to those components with a higher probability of failure.

Questions for Liberty Staff:

Comments:

#: II-4

Updated

1/22/2009

Recommendation:

Implement a systematic replacement program of vulnerable service lines.

Within six months of the date of this report, Peoples Gas should document a well-defined plan for the systematic replacement of vulnerable service lines. Peoples Gas needs to implement a replacement program to target the more vulnerable services lines that pose the highest threat to the public.

Owner:

Brad Haas

Owner's Email:bdhaas@integrysgroup.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples gas currently has a process in place to identify and target vulnerable service lines. Typically these services are replaced in conjunction with the Low-to-Medium Pressure conversion projects. Peoples Gas will review the failure rates of vulnerable service pipes and modify the weighting factor as appropriate. Peoples Gas also agrees to perform a study to identify service pipes that pose the highest threat to the public and document a plan for their replacement.

Action Items to Complete:

		(MM/DD/YYYY)	Complete
1-	Perform a number of database queries to validate statistics on replacement and failure rates of CI/DI, copper, bare steel & CAB services.	Target Date: 11/10/2009	Yes
2-	Perform a number of Geographic Information System (GIS) queries to identify geographic location of service pipes with higher probability and consequence of failure.	Target Date: 11/17/2009	Yes
3-	Analyze data and develop plan.	Target Date: 12/1/2008	Yes
4-	Document plan for systematic replacement of the more vulnerable service lines that pose the highest threat to the public.	Target Date: 3/2/2009	No
5-		Target Date:	

Resources Needed:

Internal

Sr. GIS Specialist, Database Administrator, Programmer

External

Sr. GIS Technician is currently assigned the WAM project. May need to obtain temporary staff to perform GIS queries.

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$8,000	N/A	O&M	N/A	N/A
Capital	N/A	N/A	Capital	N/A	N/A

Comments: Cost estimate is to perform the study.

Deliverable Items:

Develop statistics on failure rates of CI/DI, copper, bare steel & CAB services. Perform a geographic query to determine proximity of vulnerable service lines to buildings of public assembly. Provide long term planning document for the systematic replacement of vulnerable service lines.

Questions for Liberty Staff:**Comments:**

#: II-5

UPDATED: 1/22/2009

Recommendation:

Designate a manager with overall responsibility for the excavation damage-prevention program.

Peoples Gas should designate a senior executive within the company to have overall authority and responsibility for the excavating damage prevention program, including implementing the recommendations described herein and ensuring consistency among the districts and the related support services (e.g., Technical Training). Peoples Gas should implement this recommendation within three months of the date of this report.

Owner:

Ed Doerk / Reply by T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

This recommendation is accepted as described in the response to recommendation I-1. The new System Integrity group will be created on or before March 31, 2009 with responsibilities including excavation damage prevention.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Obtain authorization for the additional headcount to staff new System Integrity group	Target Date: 10/31/2008	Yes
2- Hire Manager of System Integrity	Target Date: 3/31/2009	No
3- Hire / assign staffing for System Integrity	Target Date: 6/30/2009	No
4- -	Target Date: -	-
5- -	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: II-6

UPDATED

1/22/2009

Recommendation:

Work with DIGGER to develop and maintain a complete list of excavation contractors.

Peoples Gas and DIGGER need to work together to develop a system for maintaining and updating a list of active contractors. The list should be updated in real time as either party becomes aware of new contractors and other excavators and Peoples Gas should use it for its annual or more frequent general communications with excavators. Peoples Gas should ensure that the new, complete list is available within three months of the date of this report.

Owner:

Ed Proctor

Owner's Email:Eproctor@Peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

CDOT maintains a listing of licensed public way contractors working in the City of Chicago on their CDOT website. This website is updated weekly by CDOT personnel. Peoples Gas will undertake to stay abreast of any CDOT updates to the listing. CDOT personnel were also receptive to communication from Peoples Gas of any unlicensed excavating contractors working in the City of Chicago that Peoples Gas might encounter in the course of business.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Initial meeting with CDOT DIGGER/Permit personnel	Target Date:	9/23/2008	Yes
Develop process to ensure Peoples Gas has updated listing of licensed excavating contractors in the City of Chicago and communicate to the City of Chicago the names of unlicensed excavating contractors found by Peoples Gas to be working in the City of Chicago. Key to this process would be to match contractors requesting locates versus the names of contractors on the CDOT listing. This would be an on-going process and include any contractors that may damage Peoples Gas facilities.	Target Date:	12/31/2008	Yes
Maintain updated list of contractors on regular basis and re-issue Peoples Gas Education letters at required.			
3- Communicate with the City of Chicago the names of any contractors working in the City of Chicago discovered by Peoples Gas in the course of business.	Target Date:	12/31/2008	Yes
4- Revise Distribution Dept. General Order 0.800 Procedure and Policies for the Prevention of Damage to (Underground) Gas Company facilities with new procedure for discovery of unlicensed excavating contractors working in the City of Chicago.	Target Date:	3/31/2009	No
5- Develop training material and provide training to Union and Management personnel.	Target Date:	3/31/2009	No

Resources Needed:**Internal**

Administrative Assistant working fulltime devoting one quarter of their time throughout the year to maintaining these communications. Communication would be via, e-mail, spreadsheets, telephone and U.S. Postal Service.

External**Cost/Benefit Analysis**

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M			21392*		
Capital					

Comments: This cost is already captured in I-1, Administrative Assistant spending 1/4 of their time on this task throughout the year.

Deliverable Items:

Meet with CDOT DIGGER/Permit personnel. Process to maintain communication with CDOT to ensure Peoples Gas has updated knowledge of licensed excavating contractors working in the City of Chicago. Maintain updated list of licensed licensed contractors working in the City of Chicago on a regular basis. Revise Distribution Dept. General Order 0.800. Develop training material and provide training to Union and Management personnel.

Questions for Liberty Staff:**Comments:**

An Administrative Assistant would have to, maintain contact with CDOT personnel and issue Peoples Gas Education letters to licensed excavating contractors and additionally, provide communication back to CDOT personnel with the names of any unlicensed excavating contractors Peoples Gas may become aware of in the course of regular business. This activity would be performed on a regular basis throughout the course of the year. Field personnel would be the eyes and ears in this process.

#: II-7

UPDATED

1/22/2009

Recommendation:

Work with DIGGER to develop a program to screen out bogus emergency-locate requests.

Peoples and DIGGER should develop a protocol to enable DIGGER to distinguish between bona fide emergency requests and bogus requests, and to institute penalties for excavators who abuse the emergency locate service. Peoples Gas should make every effort to establish the protocol and implement the notifications within three months of the date of this report. Within six months of the date of this report, Peoples Gas should report to the ICC regarding efforts to implement a penalty system for abuses of emergency locate requests.

Owner:

Ed Proctor

Owner's Email:Eproctor@Peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

IMPLEMENT NOTIFICATIONS: THREE MONTHS. ICC REPORT: SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

CDOT DIGGER personnel were receptive to communications from Peoples Gas regarding our discovery that excavating contractors may have abused the emergency locate request criteria. CDOT personnel maintained that they are interested in minimizing this abuse also and would contact those abusers.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Initial meeting with CDOT DIGGER persone	9/23/2008	Yes
2-	Process to communicate with DIGGER personnel, excavating contractors working via emergency locate requests that are not emergencies. Process for communication would be via e-mail/spreadsheet.	12/31/2008	Yes
3-	Revise Distribution Department General Order 0.800 Procedures and Policies for the Prevention of Damage to (Underground) Gas Co. Facilities with new process.	3/31/2009	No
4-	Develop training material and provide training for Union and Management personnel to implement new procedure.	3/31/2009	No
5-	Work with DIGGER, Greater Chicago Damage Prevention Council(GCDPC), and the ICC staff to develop a process for compliance via penalty and/or education. One potential penalty may be to delay issuing permits to excavators that have a record of bogus locate requests.	3/31/2009	No
6-	Process to communicate with DIGGER personnel, excavating contractors working on emergency locate numbers that are not emergencies via enhancement to the Navigate/DIGGER programming. This will require programming changes that will need more in depth analysis.	9/30/2009	No

Resources Needed:

Internal

One locator per Shop spending one quarter of their time documenting bogus emergency locates. One General Supervisor per Shop spending one tenth of their time organizing bogus emergency locate communications. Currently not doing this work.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$107,887	O&M		
Capital			Capital		

Comments: Resource equivalent to 1 FTE

Deliverable Items:

Meet with CDOT DIGGER/Permit personnel. Develop process to communicate with DIGGER the names of excavating contractors abusing the emergency locate request. Revise Distribution Dept. General Order 0.800 with new process. Develop training material for provide training to both Union and Management personnel. Investigate the use of Navigate system to make communication with DIGGER personnel more electronic.

Questions for Liberty Staff:**Comments:**

For calendar year 2007, Peoples Gas received 14,045 emergency locate requests. For calendar year 2008 to date, Peoples Gas has received 8,496 emergency locate requests. These numbers do not include Peoples Gas emergency locate request. The number of bogus emergency locate requests is unknown.

#: II-8

UPDATED: 2/10/2009

Recommendation:

Upgrade the training program for locators.

As a group, Peoples Gas' locators need more and better training. Peoples Gas should design and implement the improved training program within six months of the date of this report. All locators should receive the new training within one year of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

IMPLEMENTATION: SIX MONTHS. NEW TRAINING: ONE YEAF

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

TTS will review and will adopt facets of the program(s) which apply to locates for underground natural gas facilities.

Support Accept/Reject Position:

TTS will review the NULCA program and will adopt facets of the program which apply to locates for underground natural gas facilities. CGA Best Practices with respect to locates will also be reviewed and best practices implemented in the same manner. The design and implementation will be completed within the Recommendation timeline.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Review NULCA program and identify gaps in PGL training program.	Target Date: 12/31/2008	Yes
2- Review CGA best practices and identify gaps in PGL training program.	Target Date: 12/31/2008	Yes
3- Design revisions to the PGL program and develop training materials.	Target Date: 3/31/2009	No
4- Training for PGL instructors.	Target Date: 4/15/2009	No
5- Conduct new training for locators: 5/1 thru 9/30	Target Date: 5/01/2009 through 10/30/09	No
6- Measure effectiveness of training using root cause analysis and evaluations from QA/QC audits.	Target Date: 12/31/2009	No

Resources Needed:

Internal

External

Training Workshop for Instructor. Possible additional day of training for students

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	\$2000 (Training Workshop for Two Instructors, 30 hrs each)		8 hrs/day x 2 days add'l training x 238 locators x \$59/hr top locator loaded rate = \$224,672 incremental cost for add'l locator training	O&M			
Capital				Capital			

Comments: Cost based on assumed 2 additional days of training for locators.

Deliverable Items:

Instructor NULCA training completion certificates; Gap comparison reports; Revised locator training curricula/lesson plan and training materials; completed locator training records

Questions for Liberty Staff:**Comments:**

This recommendation also answers Recommendation II-13. Darin Burke commented on importance of connective hook-up where feasible for using locating instruments. Also verification of locates after excavation and insuring accurate maps.

#: II-9

UPDATED: 1/22/2009

Recommendation:

Develop and implement a communications and training protocol for the City of Chicago municipal workers and private contractors.

Peoples Gas should develop and implement a program for meetings with municipal and private excavators to educate and train them about the damage prevention program. Excavators should be required to attend such meetings. Peoples Gas should implement this recommendation prior to May 2009.

Owner:

Fred Ulandav

Owner's Email:

ASUlandav@inteqrysaroup.com

Required Timeline, per Liberty Audit:

NINE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

TTS will work with GCDPC and our representatives on the council to strongly recommend the described training.

Support Accept/Reject Position:

Enforcement by means of regulation is also a key part of underground facility excavation damage prevention. The Greater Chicago Damage Prevention Council (GCDPC) was formed for the express purpose of prevention of underground damage through identification, education and communication between facility owners, excavators and the municipality. PGL membership and participation (operations personnel and risk management personnel are members) through this committee provides a centralized forum for communicating to municipal and private excavators the need to prevent excavation damage to underground gas facilities. Training conducted by PGL on underground damage prevention to gas facilities had been provided in coordination with the GCDPC. Additional training for municipal excavators will be strongly recommended through this forum.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Prepare a letter to GCDPC strongly recommending training by TT&S to municipal and private excavators.	11/17/2008	Yes
2-	Schedule training sessions from responses from GCDPC members	12/31/2008	Yes
3-	Conduct training: 1/05 thru 05/29/2009	1/05 thru 04/30/2009	No
4-	Propose agenda item to extend invitation for training at upcoming GCDPC meeting.	12/31/2009	Yes
5-	Seek out support from other utility members of GCDPC to attend training	3/31/2009	Yes
6-	Recommend to GCDPC that excavators causing damage be required to attend training	3/31/2009	Yes

Resources Needed:

Internal

1/2 FTE Senior Instructor

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$69,037 (salary with loadings for 1/2 FTE (Level 12) for	O&M		
Capital			Capital		

Comments:

Deliverable Items:**Questions for Liberty Staff:****Comments:**

If this training for the City is pushed forward, it would require an additional 1/2 FTE Senior Instructor dedicated to this function in order to go to city locations, work facilities and jobsites.

PGL will invite Liberty to attend a training class and develop an "end of training" survey to identify areas of improvement for the following year's class. Please Note: PGL has no leverage to require excavators attendance.

#: IL-10

UPDATED

2/1/2009

Recommendation:

Develop and implement a procedure for monitoring directional boring activities.

Peoples Gas should develop a procedure for identifying and monitoring directional boring activities and train its locators or other monitors in the specific requirements and hazards associated with directional bores. Peoples Gas should pay particular attention to those contractors who have caused damage in previous boring operations. Peoples Gas should have the new procedure in place within three months of the date of this report.

Owner:

Ed Proctor

Owner's Email:Eproctor@Peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples Gas will implement a procedure to enhance our monitoring of directional boring activities in the City of Chicago. These enhancements would include working with the DIGGER office and Greater Chicago Damage Prevention Council(GCDPC) to ensure that excavators and office personnel understand the importance of and accuracy of information when locates are requested. Enhancements will include identifying evidence that contractor is using test holes and visiting a sample of locations with boring activities to insure test hole procedures are being implemented.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Develop criteria for enhanced monitoring of directional boring activities.	12/31/2008	Yes
2-	Revise Distribution Dept. General Order 0.800 Policies and Procedures for the Prevention of Damage to (Underground) Gas Company Facilities with new criteria for monitoring directional boring activities.	3/31/2009	No
3-	Work with DIGGER office and GCDPC to ensure that excavator and Digger office personnel understand the importance of communicating boring activities when locates are requested.	3/31/2009	No
4-	Develop training material and provide training to Union and Management personnel covering new monitoring requirements for directional boring.	5/1/2009 - 10/31/2009	Revised
-	-	-	-
-	-	-	-

Resources Needed:

Internal

One additional locator per Shop to monitor enhanced damage prevention criteria on projects where directional boring is the method of installation.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$238,179	O&M		
Capital			Capital		

Comments: Costs equivalent to 3 FTEs

Deliverable Items:

Develop enhanced criteria for directional boring activities. Update and revise Distribution Dept. General Order 0.800. Develop training material and provide training.

Questions for Liberty Staff:**Comments:**

At this time data is not available to determine the approximate number of projects/footage of installations where directional boring is the method of installation in the City of Chicago. Consequently, additional locator requirements are based on educated estimate.

#: IL-11

UPDATED

1/22/2009

Recommendation:

Develop and implement criteria and a procedure for conducting inspections of excavating sites.

Peoples Gas should develop criteria for inspecting excavation sites, including a determination and ranking of relative risk of various types of excavations and development of a realistic and achievable sampling protocol. Peoples Gas should implement the procedure within six months of the date of this report.

Owner:

Ed Proctor

Owner's Email:Eproctor@Peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples Gas will enhance our criteria for inspection of excavation sites. Contractors with history of violations will be sampled more frequently.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Develop more reasonable criteria and guidelines for performing inspections at excavation sites.	Target Date: 12/31/2008	Yes
2-	Revise Distribution Dept. General Order 0.800 Policies and Procedures for the Prevention of Damage to (Underground) Gas Facilities with new inspection guidelines.	Target Date: 3/31/2009	No
3-	Develop training material and provide training to Union and Management personnel	Target Date: 5/1/2009 - 10/31/2009	Revised
4-	Provide locators with business cards to help improve communication with excavators in order to impliment new inspection guidelines.	Target Date: 3/31/2009	No
5-	Develop report to verify the company is achieving sampling requirements contained in new guidelines.	Target Date: 9/30/2009	No

Resources Needed:

Internal

Produce business cards for locators.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$1,000	\$238,179	O&M		
Capital			Capital		

Comments: Additional 3 FTEs

Deliverable Items:

Develop more reasonable criteria and guidelines for performing inspections at excavation sites. Update Distribution General Order 0.800. Develop training material and provide training to Union and Management personnel. Produce and distribute business cards to locators.

Questions for Liberty Staff:**Comments:**

#: II-12

UPDATED: 1/22/2009

Recommendation:

Develop and implement a procedure for sealing exposed cast iron joints that are subject to pressures of 25 psig or less.

Peoples Gas needs to include this code requirement in its procedures, make its field personnel aware of the requirement, and implement a process to provide for such sealing. This is a code requirement and Peoples Gas should implement it within 30 days of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

ONE MONTH

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL will make changes to applicable orders to reflect that fact that whenever a cast iron or ductile iron bell joint subject to pressures of 25 psig or less is exposed, it must be sealed (leaking or not) using means other than caulking (i.e. aneorobic sealeant or encapsulant).

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Issue a bulletin.	Target Date: 11/26/2008	Yes
2-	Conduct tailgate information sessions.	Target Date: 12/31/2008	Yes
3-	Update appropriate O&M Orders.	Target Date: 3/31/2009	No
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	N/A		O&M		
Capital			Capital		

Comments:

Deliverable Items:

New bulletin, accompanying tailgates, and revised orders.

Questions for Liberty Staff:

Comments:

Cost for training is perhaps fixed. However, there may be an additional cost in material (permabond) for the added joint sealing. The practice of sealing exposed joints is well known but this recommendation puts it into writing. For this reason it is not believed there will be substantial increase in the use of Permabond.

#: II-13

UPDATED

11/17/2008

Recommendation:

Review and implement Common Ground Alliance (CGA) best practices not in place.

As part of the overall upgrading of the program discussed in this chapter, Peoples should review the CGA compilation of best practices, discuss them with the ICC, and determine which it should implement. Peoples Gas should complete the review and propose an implementation schedule to the ICC within six months of the date of this report.

Owner:

Ed Proctor

Owner's Email:

Eproctor@Peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas is currently, via Huron Consulting Group, soliciting responses from peer utility companies in effort to ascertain CGA best practices used in the natural gas industry. To the extent that third party cooperation is required to implement some best practices, our adoption must be flexible to allow for the situations where others do not fully cooperate.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Complete survey of peer utility companies	Target Date: 11/30/2008	Yes
2- Determine and compile CGA best practices used in the natural gas industry and decide those best practices that Peoples Gas will implement.	Target Date: 3/31/2009	No
3- Prepare report of CGA best practices and implementation plan for ICC review.	Target Date: 6/30/2009	Revised
4- Revise procedures to implement CGA best practices at Peoples Gas.	Target Date: 9/30/2009	No
5- Incorporate new best practices in training curriculum.	Target Date: 3/31/2010	No

Resources Needed:

Internal

External

Huron Consulting Group soliciting responses from peer utilities

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	????	????	O&M		
Capital			Capital		

Comments:

Deliverable Items:

Complete survey of peer utilities.

Questions for Liberty Staff:

Comments:

Do not know cost for Huron Consulting Group to perform survey.

#: IL-14

UPDATED

1/22/2009

Recommendation:

Develop and implement a root cause analysis program.

As part of the previous recommendation regarding the general upgrade of its damage prevention program, Peoples Gas should supplement its existing data collection. It should incorporate the information from the DIRT root cause form into Peoples Gas' Form 7086, Report of Facility Damage. Using that data, it should develop and implement a root-cause analysis program. Peoples Gas should have the program in place within six months of the date of this report.

Owner:

Ed Proctor

Owner's Email:Eproctor@Peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples Gas will develop a root-cause analysis program. Currently Integrys Business Support under Insurance and Claims is already in the process of developing a new form titled "Accident Report Field Copy" Form 159-2856 Rev 9/08. The new form includes "root cause" data boxes. In addition, Integrys Business Support has purchased a software program to tabulate this data. The software is made by Valley Oaks and is called "IVOS Claims Management System". Proposed root-causes on the new form virtually match those listed on the "DIRT" root cause form.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Develop training material and provide training for Union and Management personnel for additional data collection.	Target Date:	3/31/2009 No
2-	Develop process and criteria for analyzing root cause data collected.	Target Date:	3/31/2009 No
3-	Maintain root cause data and continuously monitor data to improve performance in preventing damage to gas facilities.	Target Date:	9/30/2009 No
4-	Determine the necessity of utilizing the "IVOS Claims Management System" as stand alone or in addition, continue to utilize current in-house access database that is used to collect gas facility damage data with root cause data modifications.	Target Date:	6/30/2009 No
5-	Generate report to document root cause analysis.	Target Date:	9/30/2009 No

Resources Needed:

Internal

One Manager, Three General Supervisors and two Engineers to develop analysis of root cause data and ultimately maintain operation on regular basis. Regular operation would include, collecting data, analyzing data, implementing and developing new procedures/practices and ensuring that procedures/practices are enforced.

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments: Costs for new Damage Prevention group are already reflected in I-1

Deliverable Items:

Develop training material and provide training for Union and Management personnel. Develop process and criteria for analyzing root cause data collected. Maintaining root cause data and continuously monitor data to improve performance in preventing damage to gas facilities. Determination of need to utilize both "IVOS Claims Management System" and in-house access database.

Questions for Liberty Staff:**Comments:**

#: IL-15

UPDATED

11/17/2008

Recommendation:

Develop a system for tracking performance metrics for the damage prevention program.

As part of its general upgrade of its damage prevention program, Peoples Gas should develop a system for collecting and tracking performance metrics, including a comparison with a peer group of utilities. Peoples Gas should accomplish this within one year of the date of this report. The ICC may want to consider requiring Peoples Gas (and utilities under its jurisdiction) to report to it all damages or probable violations of the Illinois Underground Utility Facilities Damage Prevention Act using the DIRT "root causes." This would enable the ICC to analyze damage prevention activities and step up enforcement in certain areas.

Owner:

Ed Proctor

Owner's Email:

Eproctor@Peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas is currently, via Huron Consulting Group, soliciting responses from peer utility companies in effort to ascertain types of performance metrics, data collection methods and enforcement typically used in the natural gas industry.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Complete survey of peer utilities.	Target Date: 11/30/2008	Yes
Determine and compile performance metrics and make decision on utilizing those metrics that will enhance Peoples Gas performance in preventing damage to gas facilities. Peoples Gas will work with the ICC in developing these performance metrics.	Target Date: 3/31/2009	No
2- Implement performance metrics	Target Date: 9/30/2009	No
3- -	Target Date: -	-
4- -	Target Date: -	-
5- -	Target Date: -	-

Resources Needed:

Internal

External

Huron Consulting Group soliciting responses from peer utilities.

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	????		????		
Capital					

Comments:

Deliverable Items:

Complete survey of peer utilities.

Questions for Liberty Staff:

Comments:

Do not know the cost for Huron Consulting Group to perform survey.

#: IL-16

UPDATED: 1/22/2009

Recommendation:

Bring experience and stability to the corrosion control organization.

Peoples Gas should regard its buried gas pipes as valuable assets to be protected from decay and damage. In this regard, Peoples Gas should upgrade the experience and knowledge of the personnel taking the cathodic protection readings. These people are currently the lowest paid and lowest skilled level of employees at Peoples Gas and are frequently moved and promoted out of this classification or assignment. Because their tenure is limited and this classification is considered a "dead end," there is little or no incentive to do much beyond the barely acceptable and wait until they are either rotated out or promoted. The Peoples Gas corrosion control program needs to be staffed with individuals who are dedicated to corrosion control. All corrosion control personnel need to have completed either specialized training or have experience in the corrosion control field. The Peoples Gas corrosion control program should have experienced leadership. The corrosion control program should have an executive champion who provides sufficient leadership to ensure success and to overcome obstacles from other organizations.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@inteqrvsaroup.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

PGL formulated a plan in November 2007 to address the stability and knowledge concerns of the Corrosion Control Group through leadership restructuring and the hiring of additional Corrosion Control Technicians to perform the function of the pipe-to-soil readings that are performed by the Operations Apprentice classification. This plan proceeded and continued to develop during the Liberty Consulting audit and addresses this recommendation. As of August 18th, 2008 Peoples Gas (PGL) has hired an additional 5 Corrosion Control Technicians with a minimum of a two year technical electronics degree. There is a current total of 8 PGL Corrosion Control Technicians that are dedicated to ensuring the cathodic protection of the distribution system. These technicians will not be rotated to other departments but will have opportunities to grow in the PGL Corrosion Control Group (CCG). The technicians will receive in house training from experienced staff as well as NACE certifications to enhance their development and expertise. As of August 2008 the (8) Corrosion Control Technicians are currently performing the majority of pipe-to-soil readings of mains and service pipes that were performed by the Operations Apprentice job classification in prior years. All pipe-to-soil readings will be performed by Corrosion Control Technicians beginning in the 2009 calendar year.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Completion of NACE CP1 Certification Course	Target Date:	1/30/2009	Yes
2- -	Target Date:	-	-
3- -	Target Date:	-	-
4- -	Target Date:	-	-
5- -	Target Date:	-	-

Resources Needed:

Internal

NACE certification attendance for (12) Corrosion Technicians (includes NSG), (2) Engineers, (2) Managers, (2) TTS Instructors

External

NACE Instructor

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$79,100		O&M		
Capital			Capital		

Comments: Cost of NACE CP1 certification course.

Deliverable Items:

CCG Completion of NACE CP1 Certification Course

Questions for Liberty Staff:**Comments:****SUPPORT CONT:**

The Vice-President of Gas Operations as well as the General Manager of Field Support are engaged by conducting regular meetings with the CCG leadership to assess progress and ensure that resources, both internally and externally are available to achieve goals. The CCG team leadership consists of a dedicated manager (Special Projects Field Services Manager) and a Senior Engineer that supervises the Corrosion Control Technicians. In addition, an engineer has been assigned to the CCG team that addresses and coordinates the remedial activities associated with poor cathodic pipe-to-soil readings. Currently both engineers and (3) technicians have received NACE training and all CCG members will attend the NACE CP1 Certification Course in the coming months.

#: II-17

UPDATED: 10/01

Recommendation:

Improve the accuracy of corrosion control readings.

If OAs are to take readings at insulators, then Peoples Gas should improve their training so that they are able to determine which side of the insulator they are reading and, if the readings are the same, they will suspect that either there is a shorted insulator or they are reading the same side. Peoples Gas should install test stations on cathodically protected services whenever work is performed on such services, such as installing an anode or repairing a buried service valve. This will provide Peoples Gas with a more consistent and true reading of the cathodic potential and the status of the service. All future steel services should be installed with either a test station or a means to take corrosion readings without using a bar on the service valve. An independent organization, like the Compliance Monitoring Group, should monitor the accuracy of corrosion control readings. Peoples Gas should establish goals and metrics to monitor those goals regarding the accuracy of the readings. Peoples Gas should be able to demonstrate significant progress on the implementation of this recommendation within six months of the date of this report.

Owner:

Joe Carlstrom

Owner's Email:jcarlstrom@integrysgruop.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

PGL has replaced the Operations Apprentice with dedicated Corrosion Control Technicians as the job classification performing pipe-to-soil readings.

Support Accept/Reject Position:

The first point in the recommendation is to increase the accuracy of the pipe to soil readings. This is being addressed with the more technically proficient Corrosion Control Technicians taking the pipe-to-soil readings.

The second point in the recommendation will be addressed by the following: Technical Training & Standards (TTS) will revise the anode installation procedures to require that a test station and test wires are installed on any new steel services installed or existing steel services when installing an anode. Note that PGL rarely installs new steel services.

The third point is addressed because since 2006, PGL has had an internal audit group, the Compliance Monitoring Group (CMG) that reports to the General Manager of Field Support. The CMG performs a trailing audit of 15% of the pipe-to-soil readings taken annually and in addition performs stand by audits of employees taking readings to ensure the understanding and adherence to the proper procedures. Follow-up deficiency information is communicated to the Corrosion Control Group (CCG) to ensure corrective actions.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	TTS will revise anode installation procedures	3/1/2009	No
2-	-	-	-
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

TTS Senior Instructor

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$1,200		O&M		
Capital			Capital		

Comments:

Deliverable Items:

Revised anode installation procedures

Questions for Liberty Staff:**Comments:**

PGL formulated a plan in November 2007 to address the stability and knowledge concerns of the Corrosion Control Group through leadership restructuring and the hiring of additional Corrosion Control Technicians to perform the function of the pipe-to-soil readings that are performed by the Operations Apprentice classification. This plan preceded and continued to develop during the Liberty Consulting audit.

#: IL-18

UPDATED: 1/22/2009

Recommendation:

Improve the methods and timeliness of corrective actions.

The Peoples Gas method of performing corrective actions on corrosion control problems is slow and cumbersome at best and ineffective and wasteful at worst. Peoples Gas should re-evaluate its automatic corrective action response of putting an anode on each service or main that has a low reading and possibly consider doing diagnostic testing. Troubleshooting corrosion control problems needs to be handled by individuals and not scheduled by a computer with a "one response fits all" solution. Corrosion control problems need to be anticipated in a proactive mode rather than addressed in a reactive mode only after compliance is missed. Peoples Gas should develop a listing of buildings of public assembly (e.g., hospitals, schools, day care centers, senior centers, churches) that have services that could fail and cause a gas release. Corrective actions for these facilities should receive priority scheduling. Peoples Gas needs to anticipate that these high consequence buildings may need additional testing and increased surveillance so as to either reduce the likelihood of a gas release or minimize the consequences. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

The Corrosion Control Technicians have three major responsibilities; taking pipe to soil readings, diagnosing poor reads and issuing work orders for corrective actions. This recommendation is being addressed by the following: Corrosion Control Technicians are currently being trained by experienced personnel in techniques of trouble shooting poor reads. The technicians will also attend NACE certification schools to further enhance their skills. The Corrosion Control Technicians will diagnose poor reads when discovered and recommend corrective action accordingly; instead of the past practice of installing anodes on all poor readings.

The second point in the recommendation is being addressed by the engineering group mapping buildings of public assembly (e.g hospitals, schools, day care centers, senior centers, churches, etc.) onto the company's GIS system. The Corrosion Control Technicians will prioritize the execution of corrective action using a risk based approach; therefore any corrective action required in a building of public assembly will be made priority.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Engineering Group mapping buildings of public assembly (BPA)	Target Date: 12/1/2008	Yes
2-	-	Target Date: -	-
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

NA – Engineering Group Cost

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Engineering Group mapping buildings of public assembly (BPA)

Questions for Liberty Staff:

Comments:

PGL formulated a plan in November 2007 to address the stability and knowledge concerns of the Corrosion Control Group through leadership restructuring and the hiring of additional Corrosion Control Technicians to perform the function of the pipe-to-soil readings that are performed by the Operations Apprentice classification. This plan preceded and continued to develop during the Liberty Consulting audit.

#: IL-19

UPDATED: 10/01

Recommendation:

Evaluate atmospheric corrosion inspection practices.

Peoples Gas must re-evaluate its atmospheric and Bridge and Tunnel inspections to ensure that all areas are properly inspected. Air-ground interfaces are particularly prone to corrosion. In addition, Peoples Gas should include an improved engineering standard for specifying how this interface is to be protected from corrosion and improve the training of personnel performing atmospheric and Bridge and Tunnel inspections so that they are aware of the critical nature of the air-soil (or water for tunnels) interface. Peoples Gas should retrain its personnel doing atmospheric and Bridge and Tunnel inspections within six months of the date of this report. Additionally, all atmospheric and Bridge and Tunnel inspections should be re-performed within three months of the retraining. Within nine months of the date of this report, new engineering standards for handling the air-ground interface should be available for future installations and for retrofitting of existing locations.

Owner:

Joe Carlstrom

Owner's Email:jcarlstrom@integrys.com**Required Timeline, per Liberty Audit:**

RE-TRAIN: SIX MONTHS, THREE MONTHS AFTER RE-TRAIN: RE-INSPECTION, NEW ENGINEERING STANDARDS: NINE MONTHS

PGL's Position: Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

The O&M plan section for bridge and tunnel inspections will be revised by Technical Training Services. It will be revised to consist of two categories; atmospheric and patrolling inspections. The corrosion control group will be responsible for all atmospheric inspections on bridges and tunnels to be performed on a three year basis, (not exceeding 39 months) in accordance with standard 192.481, and the district shop crews will perform the patrolling inspections quarterly in accordance with standard 192.721. Technical Training & Standards will investigate engineering standards for air-soil (or water for tunnels) interfaces related to bridge and tunnel pipelines and improve the training of CCG personnel performing these atmospheric inspections.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Technical Training & Standards research engineering standard for air-soil (or water for tunnels) interface	Target Date: 3/31/2009	No
2-	Technical Training & Standards revise O&M	Target Date: TBD	No
3-	Technical Training & Standards re-training district shop personnel (patrolling bridge and tunnel) and CCG personnel (atmospheric bridge & tunnel)	Target Date: TBD	No
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

TTS Manager & Senior Instructor

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	\$16,440		O&M		
Capital			Capital		

Comments:

Deliverable Items:

An engineering standard for air-soil (or water for tunnels) interface

Revise O&M plan distinguishing patrolling from atmospheric inspections

Re-training of district shop personnel (patrolling) and CCG personnel (bridge & tunnel)

Questions for Liberty Staff:**Comments:**

#: IL-20

Updated

11/17/2008

Recommendation:

Test casings to ensure electrical isolation from the carrier pipe.

Peoples Gas should ensure that all of its casings are electrically isolated from the carrier pipe. Peoples Gas should give the responsibility to corrosion technicians to test all of the casings in Peoples Gas system to ensure that they are electrically isolated from the carrier pipe as required by the code. Peoples Gas should implement this recommendation within three months of the date of this report and perform all the necessary corrective actions within nine months of the date of this report.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit:

IMPLEMENTATION: THREE MONTHS, CORRECTIVE ACTIONS: NINE MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

A casing project will be assigned to an Engineer to test and ensure isolation of carrier pipe from casing pipe. The project will consist of steps of ensuring the identification of all casings within the transmission and distribution systems, identification of all test points on the casings and carrier piping, utilizing a risk based approach to prioritize workload and coordinating remedial actions. This will be an ongoing project to start in January 2009 and have a five year life cycle until 2014. There are many unknowns associated with this project pertaining to the identification of test stations, casing shorts and corrective actions. In addition the costs associated with the project are difficult to budget because of these unknowns.

Action Items to Complete:

(MM/DD/YYYY)

- | | | | |
|----|--|--------------|-----------|
| 1- | Approval and assignment of an engineer to the casing project. | Target Date: | 3/31/2009 |
| 2- | Identifying all casings within the transmission and distribution system. | Target Date: | 1/1/2010 |
| 3- | Identifying all test point locations and performing remedial action to install test point locations. | Target Date: | 1/1/2014 |
| 4- | Identifying all casing shorts, proposing remedial actions to clear shorts and coordinating remedial actions. | Target Date: | 1/1/2014 |
| 5- | Completion of all remedial actions to ensure casing to carrier pipe isolation. | Target Date: | 1/1/2014 |

Resources Needed:

Internal

Full time engineer, company crews/contractor to perform remedial actions

External

Contractor Crews to perform remedial actions

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	NA			O&M	
Capital				Capital	

Comments: Ongoing cost calculations and budget determinations will be an ongoing process throughout the project lifecycle.

Deliverable Items:

- 1.) Assigning a project coordinator, (Engineer), and project implementation.
- 2.) Identification of all casings within the transmission and distribution systems.
- 3.) Test station identification and installations of casings and carrier pipes.
- 4.) Identification of casing shorts and completion of remedial activities.

Questions for Liberty Staff:

NA

Comments:

#: IL-21

Updated

1/29/2009

Recommendation:

Improve organizational communications.

The corrosion control group within Peoples Gas needs to be integrated within the Peoples Gas organization so that information flows freely and decisions are made with all of the facts with regard to corrosion (e.g., leaks, main and service replacements, pipe storage). Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

In 2007, the Corrosion Control Group (CCG) was restructured to become part of operations. The Corrosion Control Group (CCG) Senior Engineer is in constant communication with the operational managers and district shop supervisors to identify and resolve corrosion related issues where information pertaining to leaks, main replacements and service replacements can be discussed. The CCG generates a weekly report that specifies the corrosion related corrective actions that are pending within the district shops. Shop Managers review leak ticket information and communicate any corrosion leak related information to CCG.

Action Items to Complete:

(MM/DD/YYYY)

- | | | | |
|---|--------------|------------|-----|
| 1- Copy of weekly report to Liberty for 1st Quarter Review. Meetings are held on an as needed basis depended on corrective actions. | Target Date: | 12/31/2008 | Yes |
| 2- Shop management will review leak ticket and work ticket information for corrosion related issues on cathodically protected steel. Issues on cathodically protected pipe will be communicated to the CCG. | Target Date: | 2/28/2009 | Yes |
| 3- | Target Date: | | |
| 4- | Target Date: | | |
| 5- | Target Date: | | |

Resources Needed:

Internal

NA

External

NA

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	NA			O&M			
Capital				Capital			

Comments:

Deliverable Items:

N/A

Questions for Liberty Staff:

NA

Comments:

#: II-22

UPDATED: 1/22/2009

Recommendation:

Improve corrosion control training.

Peoples Gas' training did not transfer to actions in the field. Peoples Gas needs to make changes to the content, delivery, frequency, or methods of training to overcome this fault. Peoples Gas should monitor field activities to feed back to training for improvements. Continual training of corrosion control personnel needs to be undertaken. A method to determine the effectiveness of the training is through the performance of trailing audits on corrosion readings conducted within 4 weeks of the original reading. Significant differences between the two sets of readings could reflect on the effectiveness of training. Peoples Gas should implement revised corrosion control training and implement trailing audits within six months of the date of this report. Feedback from the audits to training should be continuous.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

This recommendation is partially addressed with the transfer of the pipe-to-soil workload to the Corrosion Control Technician classification. In addition, during the time period parallel with the Liberty Consulting audit the Operator Qualification requirements for pipe-to-soil readings was enhanced to include the learning of theory in the classroom, a practical evaluation and five-day field training/evaluation, (classroom/practical re-qualification is required annually). Corrosion Control Technicians will also be required to attend various NACE courses and receive their NACE CP1 Certification.

To address the second point in this recommendation, the Compliance Monitoring Group (CMG) has been performing trailing audits since 2006 on 15% of all pipe-to-soil readings. Audit results are analyzed by the CMG, CCG and TTS to determine problem areas and adjust training accordingly to ensure employees are proficient in corrosion related

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Completion of NACE CP1 Certification Course	Target Date: 1/30/2009	Yes
2-	-	Target Date: -	-
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: IL-23

Updated

11/17/2008

Recommendation:

Improve corrosion control record keeping.

The Peoples Gas corrosion control program must be given tools with which it can perform its function. These tools include computer programs to track and measure performance, equipment to perform its duties, and training to improve the caliber and knowledge base of its members. The records that Peoples Gas uses for corrosion control are disjointed and not functional with regard to determining what corrective actions have been performed, and where they are performed and need to be improved. The record keeping quality of the corrosion control is significantly below what is expected of an urban utility with over 500,000 customers. Peoples Gas needs to investigate whether a new dedicated corrosion control database computer system can be installed to track, record, and notify corrosion control personnel when readings are overdue, when segments are near falling below code-mandated readings, and to track corrective actions. Such a new system must have the history of each segment loaded so that there is historic data that can be used to track current conditions. Peoples Gas should immediately start the investigation and should have a new system on line within 18 months of the date of this report.

Owner:

Joe Carlstrom

Owner's Email:

jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit:

INVESTIGATION: IMMEDIATELY, NEW SYSTEM: 18 MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

A new record keeping system titled the Work Asset Management (WAM) system is currently being developed and will go live in 2009 replacing our legacy systems. The Corrosion Control Group (CCG) will work with the WAM team to design a system to rectify challenges faced by users of the current IT systems involving corrosion related record keeping. The WAM system will maintain all corrosion related data for the pipelines, store the data for the pipeline, allow scheduling corrective action work, track the corrective action work performed and alert to compliance deadlines.

Action Items to Complete:

		(MM/DD/YYYY)
1-	Ongoing CCG interaction with WAM team	Target Date: 1/1/2010
2-	Ongoing WAM development ensuring CCG compliance record keeping needs, such as storing data for the life of the pipe, scheduling corrective action work, tracking corrective action work and notify of compliance due dates.	Target Date: 1/1/2010
3-		Target Date:
4-		Target Date:
5-		Target Date:

Resources Needed:

Internal
SP-FS Manager & CCG Senior Engineer interaction with WAM team.

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	NA			O&M	
Capital				Capital	

Comments: WAM costs have been accounted for in project design.

Deliverable Items:

WAM system with improvements to address the deficiencies of the current corrosion related record keeping systems.
WAM system that stores corrosion related compliance records, stores data for the life of the pipe, schedules corrective action work, tracks corrective action work and notifies of compliance due dates.

Questions for Liberty Staff:

NA

Comments:

#: II-24

UPDATED

1/22/2009

Recommendation:

Improve pipe storage practices.

Peoples Gas should remove and scrap or recoat all of the FBE coated pipe in the pipe yard that is older than two years. If it cannot be determined what date the pipe was received, then that pipe must also be recoated or scrapped. Within three months of the date of this report, Peoples Gas should start logging in all FBE coated pipe and placing it under a tarp or paint it with white latex paint prior to being stored in sunlight.

Owner:

Kelly Kuffel

Owner's Email:

KJKuffel@integrsgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

About \$300,000 worth of pipe is in stock, and is greater than 2 years old. Most of this pipe is needed, and should not be scrapped. Replacing this pipe would cost about \$400,000. A solution for protecting coated pipe in the future and inventory tracking will be developed.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Cover all Steel Coated Pipe	Target Date: 10/31/2008	Yes
2- Recoat all pipe greater than 2 years old	Target Date: 4/30/2009	Revised
3- Develop plan to protect coated pipe	Target Date: 12/31/2008	Yes
4- Implement coated pipe protection plan	Target Date: 6/30/2009	Yes
5- -	Target Date: -	-

Resources Needed:

Internal

Accounting for pipe coating and transportation - appx \$80K. Much of the pipe will need to be loaded and unloaded with a crane.

External

Freight - transportation

Cost/Benefit Analysis

Est. Costs		Est. Benefits	
One-Time	Annual	One-Time	Annual
O&M \$80,000		O&M \$260,000	
Capital		Capital	

Comments:

Deliverable Items:

All pipe will be covered. Pipe Greater than 2 years old will be recoated.

Questions for Liberty Staff:

Comments:

Considerable effort and logistics will be needed to have old pipe recoated. Much of which will need to be loaded and unloaded with a crane.

#: **II-25** Updated 1/23/2009

Recommendation:
 Demonstrate implementation of best practices.

Peoples Gas should provide demonstrable evidence to the ICC that it has implemented AGA best practices with regard to corrosion control or provide convincing argument of why it should not implement certain of these practices. Peoples Gas should complete this recommendation within six months of the date of this report.

Owner: Joe Carlstrom **Owner's Email:** jcarlstrom@integrysgroup.com

Required Timeline, per Liberty Audit: SIX MONTHS

PGL's Position: Accept/Reject/Counter? **Accept**

If Counter, Please Explain:

Support Accept/Reject Position:
 Special Projects Field Service Manager of the Corrosion Control Group (CCG) is an active member of the AGA Corrosion Control Committee. An AGA best practices document does not exist, but there is documentation on the corrosion control related practices of AGA member utilities in a round table format. A gap analysis document of these practices as compared to PGL corrosion control practices will be created by Huron Consulting and AGA member corrosion control practices will be evaluated by PGL corrosion control staff for implementation. The CCG will create documentation as to the rational of practice implementation or rational for not implementing. The documentation, without AGA member utility information (names), will be presented to the Illinois Commerce Commission.

Action Items to Complete:		(MM/DD/YYYY)	
1-	Huron Consulting and PGL evaluation of corrosion control practices of AGA members.	Target Date:	11/30/2008 Yes
2-	Assess Huron Consulting AGA corrosion control practice gap analysis report and determine the practices to implement. In addition, supply supporting rational for practices that are not implemented.	Target Date:	2/28/2009 No
3-	Provide Implementation plan of agreed upon best practices and produce documentation to ICC.	Target Date:	3/31/2009 No

Resources Needed:
 Internal
 Special Projects Field Service Manager
 External
 Huron Consulting

Cost/Benefit Analysis							
		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	NA			O&M			
Capital				Capital			

Comments:

Deliverable Items:
 Gap Analysis document of practices performed by AGA members.
 Determination and documented rational of implementing practices.
 Documentation without AGA member names or information given to the ICC.

Questions for Liberty Staff:

NA

Comments:

NA

#: III-1

Updated

11/14/2008

Recommendation:

Determine the resources necessary to ensure all annual valve inspections are accomplished within scheduled timeframes.

The group that performs valve inspections does not appear to have adequate resources to ensure annual inspection schedules are met. Peoples Gas needs to determine its workforce needs, both for GOS valve inspections, and for valve inspections performed by distribution field forces, based on work activities. It then needs to assign adequate personnel to complete the annual valve inspections. Peoples Gas should complete the assessment of workforce needs within three months of the date of this report and make the appropriate adjustments within one year of the date of this report.

Owner:

Dawn Neely

Owner's Email:

DPNeely@integrvsgroup.com

Required Timeline, per Liberty Audit:

COMPLETE ASSESSMENT: THREE MONTHS, ADJUSTMENTS: ONE YEAF

PGL's Position:

Accept/Reject/Counter?

COUNTER

If Counter, Please Explain:

Peoples believes that this is not a resource issue. The overdue valve inspection information provided in the data request included valves that were completed on the same day the inspection was due. Only 6 overdue valve inspection in 2006 and 1 in 2007, compared to the initial 38 and 7 reported. Since 2007 the company has been closely monitoring all inspections and has been reporting all overdue inspections to the ICC on a monthly basis. In addition, a new area, Centralize Planning, was formed to schedule, route and monitor inspections for all company. Centralize Planning focus will be to ensure all inspections get completed on time.

Support Accept/Reject Position:

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Centralize Planning Group to Monitor Inspections	Target Date: 10/1/2008	Yes
2- Centralize Planning Group to Schedule and Route Inspections for North and Central Shop	Target Date: 10/1/2008	Yes
3- PGL will create monthly and YTD valve inspection report.	Target Date: 2/28/2009	No
4- Centralize Planning Group to Schedule and Route all Inspections for the Company Sprng 2010 (WAM)	Target Date: 3/1/2010	Revised
5- -	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: III-2

UPDATED: 1/22/2009

Recommendation:

Develop a means to track and report histories of valve inspections to identify valves that cause continual problems, and to focus the inspections and maintenance on those problems.

Peoples Gas should create a valve-inspection history report to track valves that cause continual problems so that GOS might focus its inspections and maintenance. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

John Just / Reply by T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

With the implementation of WAM , a complete history of maintenance on valves will be captured with reporting capabilities to satisfy this recommendation.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Implement WAM	3/31/2010	Revised
2-	-	-	-
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: III-3

UPDATED: 1/22/2009

Recommendation:

Resolve interface problems with the chartless recorders.

To take full advantage of chartless technology and to ensure there are no operating problems at its pressure regulation stations, Peoples Gas needs to identify and resolve the interface issues. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Bob Parker

Owner's Email:

rbparker@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Software revisions have been implemented which resolved incompatibilities between PDCs and computers. Gas Operations stands ready to demonstrate that previous interface issues have been resolved.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Updated revisions were installed in computers and PDCs in May of 2007	Target Date: N/A	Yes
2-	Q1 Liberty Review - Demonstration	Target Date: 12/31/2008	Yes
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

N/A

External

N/A

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

PGL will schedule a demonstration for Liberty during their Q1 review/visit.

#: III-4

UPDATED

1/22/2009

Recommendation:

Analyze the gas system to determine sampling sites that will ensure proper concentrations of odorant reaches all parts of the system.

Peoples Gas needs to review the locations it tests to verify its odorant levels are adequate. The locations sampled need to include adequate representation at the extremities of the system to ensure odorant levels throughout the system are at code required levels. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Mark Kinzle

Owner's Email:MWKinzle@integrysgroup.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples Gas will perform an evaluation of the system and select sites from the medium pressure system and low pressure system that represent the extremities of the system. This will be done through analysis of the furthest points from the gate stations in which there is a zero flow condition. In these areas odorometer test sites will be selected and testing will be performed on a weekly basis. Peoples Gas will discontinue the practice of bi-weekly inspections through olfactory testing.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Analysis and evaluation of the system.	12/1/2008	Yes
2- Give Liberty a copy of engineering report for new locations	2/1/2009	No
3- Purchase of equipment and site determination and coordination with key customers.	2/1/2009	No
4- Training of additional employees and Implementation.	3/1/2009	No
5- Provide Liberty a copy of test results	3/31/2009	No

Resources Needed:

Internal

Engineering, Marketing, Service Department

External

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	76 hours: \$9,200			O&M			
Capital	4 devices: \$9,600	\$960		Capital			

Comments: Assumption is that additional sites and frequency of testing with odormeter would be offset by discontinuing the olfactory testing

Deliverable Items:

Odor Survey Map. Procedure for weekly odor survey.

Copy of Engineering report for new locations and provide copy of test results to Liberty

Questions for Liberty Staff:**Comments:**

#: III-5

UPDATED: 10/01

Recommendation:

Develop a schedule and verify that personnel who perform "sniff" tests possess normal olfactory senses.

Peoples Gas' odorant monitoring program includes regular performance of sniff tests. Peoples Gas needs to implement a program to verify periodically that those employees performing the sniff tests are qualified to do so. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Cal Arroyo

Owner's Email:

CArroyo@northshoregasdelivery.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas intends to significantly expand the more rigorous sampling of odorant concentrations utilizing odorometer instruments as described in response to recommendation III-4. Since odorometer tests are much more accurate than rudimentary sniff tests, sniff tests will be discontinued. Peoples Gas has contracted with Huron Consulting to determine industry best practices for qualifying individuals to conduct odorometer tests which will include testing for normal olfactory senses.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Analysis and evaluation of the method of testing employees olfactory senses.	Target Date:	2/1/2009	No
2- Purchase of equipment (sniff cards)	Target Date:	2/1/2009	Yes
3- Training	Target Date:	3/1/2009	No
4- Create a test schedule	Target Date:	3/1/2009	No
5- Perform & monitor test	Target Date:	3/1/2009	No

Resources Needed:

Internal

ITS, Technical Training, Gas Operations

External

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M				O&M			
Capital				Capital			

Comments: Assumption is that additional sites and frequency of testing with odorometer would be offset by discontinuing the

Deliverable Items:

Questions for Liberty Staff:

Comments:

It is possible that a schedule could be implemented to verify an individual's olfactory sense so that individuals performing this task could be tested once per month.
<http://www.sensonics.com/shop/pc/viewPrd.asp?idcategory=5&idproduct=14>

#: III-6

UPDATED: 10/01

Recommendation:

Conduct adequate training for Gas Operations Section (GOS) on valves and regulators.

This recommendation is a place marker for Liberty's review of this training in the next phase of this investigation.

Owner:

Bob Parker

Owner's Email:

rbparker@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

N/A

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	GOS Refresher training is scheduled for December 16, 2008.	Target Date:	-
2-	-	Target Date:	-
3-	-	Target Date:	-
4-	-	Target Date:	-
5-	-	Target Date:	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

Training on regulators and valves are performed annually. Operator Qualifications for regulator and valves are conducted every three years as a DOT requirement.

#: III-7

Updated

1/23/2009

Recommendation:

Re-evaluate the odorant sampling and documentation paper system and convert it to an electronic format.

The paper system in use is inefficient, bulky, and time-consuming. Peoples Gas should investigate the possibility of scheduling and recording odor tests through its Navigate system to eliminate the paper records created by the existing system. Peoples Gas should develop a plan to implement this recommendation within three months of the date of this report.

Owner:

Cal Arroyo

Owner's Email:CArroyo@northshoregasdelivery.com**Required Timeline, per Liberty Audit:**

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:**Support Accept/Reject Position:**

To implement this recommendation involves changes to PGL's & NSG's customer billing system along with the mobile date system computer system (Advantex), which is used to route these orders to the employees in the field. Advantex is a computer system maintained by an outside vendor. Lastly, this modification needs to be deployed onto each vehicle's Gobook computer laptop. This process can not be implemented within the three months Liberty recommended. Currently, a cost estimates is being put together from both internal resources for the required changes to Cfirst and external resources for changes to be performed by Advantex. Once the work request to Advantex is made for their work, all of the required changes will designed, built, tested and deployed. Training will also occur prior to deployment.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Analysis of required Cfirst & MDSI changes.	Target Date: 10/31/2008	Yes
2- Written Plan for implementing changes	Target Date: 12/31/2008	Yes
3- Design and build changes	Target Date: 11/30/2009	No
4- Testing changes	Target Date: 12/31/2009	No
5- Conduct training	Target Date: 1/31/2010	No
6- Implementation	Target Date: 1/31/2010	No

Resources Needed:

Internal

ITS, Technical Training & Gas Operations

External

Advantex

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:**Deliverable Items:**

Gas Odor Survey Map. Procedure for weekly gas odor survey. Reduce cost of printing and storing paper documentation

Questions for Liberty Staff:**Comments:**

#: III-8

UPDATED: 10/01

Recommendation:

Increase the frequency of employee emergency-plan training.

Peoples Gas conducts initial EOP training for new employees every year, provided there are a sufficient number of new employees. In 2005, Peoples Gas conducted classroom training and in 2007, it provided on-line training modules. The complexity and detail provided in the EOP combined with regular personnel turnover or position changes demand that key emergency response personnel be made familiar with the EOP more often than every two years. Peoples Gas should conduct refresher training at least annually. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:ASUlanday@integrysgroup.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

An additional two months for hands-on scenario case development would be required.

Support Accept/Reject Position:

A formal 2-day program will be given every two years, with a refresher "e-learning" program to be given on alternate years. For new employees joining gas operations, they will take the e-learning module within 90 days if formal program is not offered during that year. H.R. will be responsible for including in new-employee manual. Implementation will start in 2009 and PGL will attempt to have the program designed by six months of date of this report, however, additional time for hands-on scenario case development would be required.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Program development.	Target Date:	4/30/2009	No
2- Conduct training.	Target Date:	5/29/2009	No
3- Include program policies and procedures in the H.R manual for new employees	Target Date:	5/29/2009	No
4- -	Target Date:	-	-
5- -	Target Date:	-	-

Resources Needed:

Internal

Additional personnel and Subject Matter Experts (SME) will be needed to help with facilitation of the program as well as with program development.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$34,519 (salary, loaded 0.25 FTE Level 12 Senior Instructor for case development & training delivery; \$41,135 (salaries, loaded 0.3 SME from district shops for program facilitation; 8 hrs x 237 mgmt attendees = 1896 additional trainee manhours every even year @ \$68/hr loaded blended rate = \$198,928. Total cost is \$274,582 every 2 yrs or \$137,291 annual average cost.	O&M		
Capital			Capital		

Comments:

Deliverable Items:

2009 Hands-on Scenario Case and other agenda material; Completed training records

Questions for Liberty Staff:

Comments:

#: III-9

UPDATED: 1/22/2009

Recommendation:

Perform joint training with outside responders.

The EOP should require that there is some formal joint training between company and non-company first responders to an incident. This training would assist in developing an even stronger working relationship between Peoples Gas and the outside responders. Such a training exercise would also highlight any deficiencies in the Peoples Gas' EOP. Peoples Gas should conduct training exercises yearly until all lessons learned are resolved and each group is cognizant of the capabilities of the other. People Gas should start such training in 2009.

Owner:

Fred Ulanday

Owner's Email:ASUlanday@integrysgroup.com**Required Timeline, per Liberty Audit:**

2009

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

In conjunction with the response to III-8, staff from the Chicago Fire Department Office of Fire Investigation (CFD OFI) will be invited on odd-numbered years, beginning in 2009, to join company management personnel in the second day of the 2-day full training program for emergency response, where a mock Incident Command exercise is conducted. CFD OFI will similarly be invited on even-numbered years, beginning in 2010, to the refresher training for emergency response, which will include discussion of recent gas emergencies. Separate training classes on gas safety and gas incident investigation will be offered to the Chicago Police Department Bomb and Arson Section (CPD) on an annual basis.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Invitation to CFD (and ICC P/L Safety Staff) for the emergency response training program; Invitation to the CPD for the gas safety and gas incident investigation program.	2/28/2009	Yes
2-	Conduct training.	5/31/2009	No
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

Resources will be determined in large part by the participation of the CFD-OFI and CPD.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Training completion records.

Questions for Liberty Staff:

Recommendations III-9, 10, and 11 appear to be very closely related. Peoples Gas is not clear what Liberty expect to see in the different action plans.

Comments:

#: III-10

UPDATED: 10/01

Recommendation:

Perform realistic drills with outside responders.

The EOP should require that some formalized drills be prepared based on lessons learned from actual incidents and these drills include most of the functions within the Peoples Gas organization who respond to emergencies and non-company organizations, such as the Chicago Fire Department and the Chicago Emergency Planning organization.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

N/A

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

The actions responsive to this Recommendation III-10 are included in the response to Recommendation III-9.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-		Target Date:	-
2-		Target Date:	-
3-		Target Date:	-
4-		Target Date:	-
5-		Target Date:	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

See response located in III-9.

#: III-11

UPDATED: 10/01

Recommendation:

Increased training for outside first responders.

Peoples Gas should increase the frequency and the scope of training for outside first responders (i.e., Chicago Fire Department, Chicago Police Department, and Chicago Water and Sewer Department) to handle personnel turnover and new individuals and to improve and cover not only the normal response but also lessons learned from the most recent incidents.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

N/A

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

With regard to the CFD and the CPD, see the response to Recommendations III-9 and III-10. With regard to the City Water and Sewer Departments, information on actions in case of gas emergencies (Hits) is conveyed to these agencies through GCDPC coordinated training, which may include training delivered by TT&S personnel, in conjunction with damage prevention training (see response to Recommendation II-9).

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	-	Target Date:	-
2-	-	Target Date:	-
3-	-	Target Date:	-
4-	-	Target Date:	-
5-	-	Target Date:	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

See responses to recommendations III-9, III-10, and II-9.

#: III-12

UPDATED: 10/01

Recommendation:

Provide map access for service section personnel.

The service section should have access to maps in Navigate as does gas operations. This could speed the response to some emergencies and would reduce the load on Citywide Dispatch during the emergency.

Owner:

Glannie Teng

Owner's Email:

GATeng@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

N/A

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL questions whether providing service personnel access with maps is going to benefit the company enough to spend an additional \$130,000 per year. All distribution employees and management employees have access to the map that can assist a service person during emergencies. However if the ICC Staff and Liberty remain convinced, access can be provided by upgrading the wireless service for field service employees to provide greater bandwidth at an annual cost of \$130K in addition to the \$35K one time cost to download Navigate software to field service employees.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Contract for increased bandwidth wireless service for field service employees	Target Date: 6/30/2009	No
2-	Complete downloading Navigate to Field Service Employees	Target Date: 9/30/2009	No
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

Atlas and Navigate Training for all Service Personnel. As well as load navigate software to all service gobooks

External

Upgrade all Data Line for all service modems to a 40MB pool plan

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	35000	130000	O&M		
Capital			Capital		

Comments: Benefits are not based on \$.

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: III-13

UPDATED: 1/23/2009

Recommendation:

Evaluate business district boundaries.

Peoples Gas has not reviewed the boundaries of its business districts within recent memory. Peoples Gas should have a process that periodically evaluates its business districts. The nature of neighborhoods and businesses change over time and Peoples Gas' procedures should define a frequency within which it identifies its business districts for leak survey and pipe replacement purposes. Peoples Gas should implement this recommendation within one year of the date of this report.

Owner:

Brad Haas

Owner's Email:

BDHaas@integrysgroup.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas completed an extensive review on the boundaries of business districts in 2007. The 2008 inspection cycle was based on those updated records. The Distribution Design Section utilized aerial photography from four (4) different sources to audit the business classification in addition to performing numerous site surveys.. Huron Consulting will be surveying other large urban gas utilities for best practices regarding the frequency of re-surveying business district boundaries.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Exhibit IV (Safety Inspection Program) of Peoples Gas' Operating and Maintenance plan will be updated to reflect appropriate review cycle.	Target Date: 3/31/2009	No
2-	-	Target Date: -	-
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Update Exhibit IV (Safety Inspection Program) of Peoples Gas' Operating and Maintenance plan to reflect the ten year review cycle.

Questions for Liberty Staff:

Comments:

Recommendation:
 Improve leak response times.

Peoples Gas needs to evaluate and determine how it may best improve its leak profile, specifically the percentage of response times of calls responded to within 30 minutes and within 45 minutes. Peoples also needs to reduce the number of calls responded to in excess of 60 minutes. Peoples should evaluate alternatives for improving its leak response profile within three months of the date of this report. The evaluation should include specific recommendations, a schedule, and monthly performance reviews for meeting specific response time profile goals. The Company should implement those recommendations within six months.

Owner: Lance Raigne **Owner's Email:** LL.Raigne@peoplesgasdelivery.com

Required Timeline, per Liberty Audit: EVALUATION: THREE MONTHS, IMPLEMENTATION: SIX MONTHS

PGL's Position: Accept/Reject/Counter? Counter

If Counter, Please Explain:
 Peoples rejects the findings and analysis that the 30 and 45 minute target has not been met. Peoples accepts the recommendation to reduce the leaks in excess of 60 minutes and will adopt performance goals for leaks responded to within increments of 30, 40 and 60. Peoples will endeavor to improve through analyzing excessive response times, and allocating more resources if justified to reduce the number of responses greater than 60 minutes. The company will also increase the awareness from our employees in responding to more leaks under 60 minutes through training.

Support Accept/Reject Position:
 Peoples Gas will submit an update to the table for response times to correct the percentage of calls responded to within 30 and 45 minutes. For the 30 minute target Peoples Gas achieved the 75% response goal in 2007 and for the first 10 months of 2008. However, Peoples did not achieve the 75% response goal for all calls in 2005 and 2006. For the 45 minute target Peoples achieved the 90% response goal for the highest priority calls and all calls in 2005, 2006, 2007 and 2008 YTD. Although the number of calls responded in within 60 minutes by Peoples far exceeded the standard established by New York State, Peoples recognizes the seriousness of lengthy leak response times.

Action Items to Complete:		(MM/DD/YYYY)	Complete?
1-	Emergency Response Time Meeting with all Managers, Supervisors and Engineers	Target Date: 12/1/2008	Yes
2-	Tailgate Meetings for Field Service Union	Target Date: 12/2/2008	Yes
3-	Complete analysis of response to leak calls exceeding 60 minutes. Complete a statistical analysis to estimate the probable reduction in Response time for varying increases in resources. Diminishing returns will be very significant in this analysis in that many resources may be required to achieve only a marginal improvement in response time greater than 60 minutes.	Target Date: 12/31/2008	Yes
4-	Based on results of statistical review, allocate additional crews to shifts that are shown to have the greatest benefit from increased resources.	Target Date: 6/30/2009	Revised
5-	Establish and adopt performance goals for leaks responded to within 30, 40 and 60 minutes.	Target Date: 1/31/2009	Yes

Resources Needed:
 Internal
 Additional resources may be justified.
 External

Cost/Benefit Analysis					
		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: III-15

UPDATED: 10/01

Recommendation:

Improve Inside Safety Inspection procedures and training.

Inside service line leak survey inspections should include inspection for corrosion at the point of entry. This should include inspection of the "heel" of service inside of the building (between the building wall and the inlet to the meter/regulator set). Peoples Gas should revise its current procedure and training materials, and implement the new procedure within six months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL will revise its training procedure and training materials for ISIs, adding emphasis in instructions to operations personnel to inspect for corrosion at the heel of the service, explaining the vulnerability to corrosion at this location due to changes in oxygen levels, soils, materials, and chemicals leaching from the foundation wall. Visual, physical examples of corrosion will also be provided in training.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Revise training documents.	12/31/2008	Yes
2-	-	-	-
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

Revisions complete and incorporated into the present training.

#: III-16 Updated 1/22/2009

Recommendation:
 Improve leak management practices.

Peoples Gas can improve leak management practices through a number of actions: 1- Increase the percentage of repairs as opposed to investigations. In part, this will be accomplished through an increased presence of Peoples Gas supervision on site. 2- Improve the consistency of leak-area investigation documentation. 3- Ensure crews evaluate and use information contained on leak repair sketches and barhole reading histories. 4- Re-evaluate Peoples Gas' practice of reducing leak hazard classifications without making repairs at leak locations. Specific questionable practices include venting a leak area or placing a vented manhole cover over a manhole without continuous repair activities. 5- Re-evaluate Peoples Gas' practice of clearing leaks without repairs. 6- Institute a leak recheck of recently repaired leaks to verify the effectiveness of repairs. Peoples Gas should develop a written plan for meeting these recommendations within six months of the date of this report. The plan should include revised procedures, training, implementing schedules, and specific quality assurance inspections to verify their implementation within one year.

Owner: Lance Rainge **Owner's Email:** LLRainge@peoplesgasdelivery.com

Required Timeline, per Liberty Audit: WRITTEN PLAN: SIX MONTHS, IMPLEMENTATION: ONE YEAR

PGL's Position: Accept/Reject/Counter? Counter

If Counter, Please Explain:
 1. Effective drilling, testing and pinpointing through aeration are sound practices that eliminate unnecessary excavation over dry holes particularly in high traffic arterial streets.

Support Accept/Reject Position:
 Accept items 2 through 5

Action Items to Complete:	Target Date:	(MM/DD/YYYY)	Complete?
1- Leak sketches are created in Navigate when a leak is discovered while performing a leak survey or during the initial recheck of a leak initially investigated by an employee who was not assigned a leak survey order. Distribution General Supervisors will print out the latest leak sketch available in Navigate for an active leak and make it available for the Crew Leader assigned to repair the leak. Crew leaders will be instructed to use the information captured in previous leak sketches to more effectively pinpoint and repair leaks.	Target Date:	11/1/2008	Yes
2- The work management team has proposed to configure the system to attach the latest leak sketch to the leak repair order.	Target Date:	3/31/2010	No
3- The company does not consider the venting of a below ground, outside gas leak as a temporary repair. This activity is discouraged, but on those limited occasions where it is deemed necessary to either vent or allow a temporary repair on a below ground, outside gas leak, the following procedures will be followed. Manager or higher approval will be required and the manager will be responsible for documenting and tracking the number of days until a permanent repair is made. Permanent repairs will typically be made within five (5) business days, but not to exceed ten (10) business days. Daily rechecks will be conducted on all leaks vented or temporarily repaired. The ICC pipeline safety group will be notified if permanent repairs will be delayed for more than 10 days.	Target Date:	11/1/2008	Yes
4- No leak will be cleared in LKMS prior to an Operations Manager or Construction Manager's review of known work in the area which could account for the leak being cleared.	Target Date:	11/1/2008	Yes
5- Upon implementation of the new work management system, Peoples will require two (2) successive zero readings before the leak can be cleared after a repair. Additional rechecks must be made no sooner than 3 days and no later than 7 days after the repair. An inquiry will be made as to the feasibility of re-instituting this process in the legacy LKMS system prior to the implementation of the new work management system.	Target Date:	3/31/2010	No
6- Revise Distribution Department General Order 0.300 to add clarity to Action Items Numbers 1, 3, 4 and 5.	Target Date:	3/31/2009	No

Resources Needed:
 Internal
 Work Management Team and Gas Operations Management and hourly field employees.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:
 Liberty comments include;

#: III-17

Updated

11/17/2008

Recommendation:

Reduce the year-end leak backlog.

Peoples Gas needs to repair more leaks and reduce the level of backlogs at year-end. In both relative terms, compared to its peers, and absolute numbers of leaks outstanding, Peoples Gas' leak backlog is too high. Peoples Gas should reduce the backlog so that the percentage of the leaks in backlog at year-end is less than 10 percent of the number of leaks repaired during the year. Peoples Gas should develop and implement a written plan for meeting this recommendation within three months of the date of this report. The plan should include specific goals for reducing leak backlogs and repairing more leaks, including target levels for leak backlogs at year-end for the current and following two years.

Owner:

Lance Rainge

Owner's Email:

LLRainge@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

Accept

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples current pace of leaks repaired versus leaks received is 110%. We plan to continue this rate of leaks repaired versus leaks received through the end of 2009, achieving a reduction in the backlog so that the percentage of leaks in backlog at year-end 2009 is below 10%. We currently have a report that keeps a yearly cumulative total of leaks cleared and leaks repaired.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Reduce the number of underground leaks by increasing leaks repaired versus leaks received.	10/1/2008	Yes
2-	Provide copy of November 19, 2008 report on Status of Leak Indications	11/21/2008	Yes
3-			
4-			
5-			

Resources Needed:

Internal

40 Two Person Distribution Crews at PGL times 2,080 hours

External

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M			\$ -	O&M			
Capital				Capital			

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

Recommendation:

Implement practical testing of leak investigation personnel.

Leak investigation is not a textbook exercise. While there is a role for a written test in evaluating competence in the required activities, a practical test is also necessary to determine that the employees are able to perform adequately in the field. Peoples Gas should begin to develop plans to address this recommendation within three months of the date of this report, and complete its implementation within one year of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

PLAN DEVELOPMENT: THREE MONTHS. IMPLEMENTATION: ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL will investigate the use of the electronic leak simulation software that was mentioned in conclusion supporting the recommendation. Field training sites will also be researched such as other utility facilities (Ameren and Nicor), construction of in house leak fields, or use real life field examples.

Action Items to Complete:

	Target Date:	(MM/DD/YYYY)	Complete?
1- Review leak simulation software.		1/31/2009	Yes
2- Research field training sites		2/28/2009	No
3- Integrate the leak simulation software or field training (if feasible by this date) into leak investigation training curriculum and lesson plans.		3/31/2009	No
4- Complete new training for leak investigation personnel.		9/30/2009	No
5- -		-	-
6- -		-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M			4 hrs leak sim s/w training/testing per person x		
Capital	\$5,000 - software cost				

Comments:

Deliverable Items:

Revised leak investigation training curriculum and lesson plans; Leak investigation personnel training completion records.

Questions for Liberty Staff:

Comments:

#: IV-1

UPDATED: 1/23/2009

Recommendation:

Develop specific and comprehensive job descriptions.

The positions of General Manager of Construction, Construction Manager, and Construction Technician do not have job descriptions, so incumbents are aware of their job duties and responsibilities. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

John Goetz

Owner's Email:

jgoetz@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Job Descriptions for General Manager & Manager of Construction will be reviewed and revised to better describe job duties and reporting relationships. The job description for Technician is rather new and needs no revision. The majority of employees in these roles are incumbents and have either worked in or closely with others in the position and know what is expected of them as employees in their roles. However Peoples Gas agrees that it would be beneficial to have more comprehensive written descriptions.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Review Job Descriptions for General Manager, Manager, of Technician of Construction	Target Date: 12/31/2008	Yes
2-	Revise Job Descriptions for General Manager & Manager of Construction	Target Date: 12/31/2008	Yes
3-	Review Job Descriptions for General Manager, Manager, of Technician of Construction with respective personnel	Target Date: 12/31/2008	Yes
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

HR Representative & Gen. Manager of Construction - 40 hours , Const. Managers - 1 hour each, Technicians - 5 hours

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	\$5,000			O&M	
Capital				Capital	

Comments:

Deliverable Items:

Revised Job Descriptions for General Manger of Construction, Manager of Construction, Technician

Questions for Liberty Staff:

Comments:

#: IV-2

UPDATED: 1/23/2009

Recommendation:

Review and formalize contractor requirements documents.

Part IV Engineering Specifications (Revised 10-25-07), should include a Peoples Gas letterhead and a document number or numbered engineering specification. Furthermore, documents containing contract requirements should have specific reference to appropriate Peoples' specifications or standards, other than just reference to "General Detail Drawing(s)." Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

John Goetz

Owner's Email:jgoetz@peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Part IV Engineering Specifications will be revised and printed on Company letterhead . Its function will serve chiefly in the procurement process for bidding work. It will be supplemented with a useful Contractor Procedures Manual .

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Revise Engineering Part IV Specifications & Print on new letterhead	Target Date: 12/31/2008	Yes
2- Assemble and construct a Manual for Contractors whose basis is extracted from the Distribution Department Manual .	Target Date: 12/31/2008	Yes
3- Distribute Contractor Manual to Contractor for Distribution	Target Date: 12/31/2008	Yes
4- -	Target Date: -	-
5- -	Target Date: -	-

Resources Needed:

Internal

Construction General Manager 40 hours Engineer 40 hours , Paper, CD , Books

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	\$1,200		\$250		
Capital					

Comments:

Deliverable Items:

1. Revised Part IV Engineering Specifications
2. Contractor Procedures Manual - Hard Copy & CD

Questions for Liberty Staff:**Comments:**

#: IV-3

Updated

1/23/2009

Recommendation:

Develop detailed construction inspection checklists for construction inspectors.

Inspectors need detailed checklists to enable them to evaluate systematically and comprehensively contractor construction crews' quality of work and compliance with Peoples Gas' construction standards and procedures. Peoples Gas should implement this recommendation within nine months of the date of this report.

Owner:

John Goetz

Owner's Email:

jgoetz@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

NINE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

A detailed Construction checklist will be created and filled out for each job a technician watches. These will be turned in with their weekly job recap sheets to the Construction Engineer.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Create Detailed Construction Checklist	Target Date: 11/15/2008	Yes
2- Review form with Technicians	Target Date: 11/30/2008	Yes
3- Begin Use of Checklist	Target Date: 11/30/2008	Yes
4- -	Target Date: -	-
5- -	Target Date: -	-

Resources Needed:

Internal

Engineer 24 Hours Technician 5 hours

External

None

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	\$1,500		\$300	O&M			
Capital				Capital			

Comments:

Deliverable Items:

Construction Checklist

Questions for Liberty Staff:

Comments:

#: IV-4

UPDATED: 1/23/2009

Recommendation:

Re-evaluate and justify the number of contractor construction projects assigned to its Construction Technicians.

To ensure their ability to perform comprehensive evaluations of contractors' code compliance at each construction site, Peoples Gas should reduce construction technicians' workloads to allow them to focus on a manageable number of projects. Peoples Gas should implement this recommendation within six months of the date of this report.

Owner:

John Goetz

Owner's Email:jgoetz@peoplesgasdelivery.com**Required Timeline, per Liberty Audit:**

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

The company accepts this recommendation and prior to receiving it was taking steps to increase the technician staff by 2 people to allow for greater supervision . One technician was hired and another is planned to start on 10/06/08. It is anticipated that 3 additional Technicians will be added . This will bring the total technician complement to 6. This should allow for an average day coverage of 2 jobs per technician and allow for adequate training and development time.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Review workload , analyze, and make staffing recommendation	10/31/2008	Yes
2- Complete the hiring of 2 Technicians that originated in 2008	12/31/2008	Yes
3- Hire additional technicians (Current staffing is adequate based of forecasted workload for 2009)	3/31/2009	Yes
4- -	-	-
5- -	-	-

Resources Needed:

Internal

Engineer, Gen. Manager Construction, HR Professional , Construction Managers

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital	\$250,000	\$240,000	Capital		\$240,000

Comments:

Deliverable Items:

Analysis and Recommendation of Staffing Levels , Add 3 people to staff and equip them and make them functional .

Questions for Liberty Staff:**Comments:**

#: IV-5 Updated 11/14/2008

Recommendation:
 Require contracting crews to cut out and destructively test the first fusion joint of each day's work.

To ensure sound plastic fusion joints, Peoples Gas needs to implement the best practice of requiring contractors performing fusion joints to verify the quality of their equipment by cutting out and destructively testing the first fusion joint of the day. Peoples Gas should implement this recommendation within nine months of the date of this report.

Owner: John Goetz **Owner's Email:** jgoetz@peoplesgasdelivery.com

Required Timeline, per Liberty Audit: NINE MONTHS

PGL's Position: Accept/Reject/Counter? Counter

If Counter, Please Explain:
 Liberty's proposed practice was discussed at the Fall Meeting of the American Gas Association's Plastic Materials Committee, comprised of member gas companies, plastic manufacturers, and other experts in the industry. None of the companies represented use that practice, nor did they feel it was workable. Procedures for use of pyrometers, visual inspections, equipment inspection, and cut-out requirement are contained in Distribution Manual Section 9.04.

Support Accept/Reject Position:
 The recommended practice is not widely used in the industry and is not a best practice. Peoples Gas agrees with Liberty that the integrity of fusion joints is important, and, to achieve the goal of this recommendation, Peoples Gas proposes to increase the level of supervision crews receive. In addition each technician will be equipped with a pyrometer and check the temperature of heating plates a minimum of once per day. They will visually inspect joints and cut out joints that they feel are questionable. They will inspect contractor equipment daily for certification tags by TTC and visually check equipment for signs of damage or misalignment. They will also check the fuser's qualification card and status to insure that only qualified personnel are performing fusion joints.

Action Items to Complete:		(MM/DD/YYYY)	Complete?
1- Purchase pyrometers for technicians	Target Date:	12/31/2008	Yes
2- Modify Construction check list as needed to capture inspections of fusing equipment.	Target Date:	1/31/2009	Yes
3- Provide Liberty a quarterly report of all fusion joints that failed pressure tests.	Target Date:	1/31/2009	No
4-	Target Date:		
5-	Target Date:		

Resources Needed:
 Internal
 External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: IV-6

UPDATED: 10/01

Recommendation:

Develop a means to determine the qualifications of individuals performing covered tasks on job sites.

To assist its personnel in verifying the qualifications of contractor personnel on job sites, Peoples Gas should develop a system to allow its inspectors to examine qualifications while on site. Peoples Gas should implement this recommendation within one year of the date of this report.

Owner:

John Goetz/ Reply by T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Provide broadband wireless access to Construction Technicians to access the LAN based database for qualification records.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Provide wireless remote access to LAN for Construction Technicians	9/30/2009	No
2-	-	-	-
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: IV-7

UPDATED: 1/23/2009

Recommendation:

Conduct audits of contractor crews as required.

Peoples Gas should evaluate why it has not been conducting audits of its construction contracting crews in accordance with its Compliance Monitoring Group requirements, and remedy the problem to ensure it completes audits of all its contractor construction crews. Peoples Gas should implement this recommendation within three months of the date of this report.

Owner:

Rich Echoles

Owner's Email:

RECHOLEES@integrysgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Peoples Gas proposed plan and response to Liberty Recommendation V-8 also addresses Liberty Recommendation IV-7 "Contractor audits of contractor crews as required in QAQC Program Manual."

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Full transition - CMG Group performing all shops QAQC audits including contractor	6/30/2009	Revised
2- -	-	-
3- -	-	-
4- -	-	-
5- -	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: V-1

UPDATED: 10/1/23/2009

Recommendation:

Review and improve the curricula of all training classes.

Liberty noted several deficiencies in training curricula and materials. Peoples Gas should conduct, or have conducted, a complete review of training curricula and materials. It should complete this review within one year of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Lesson plans are reviewed every year -- before classes are taught. Input from QA/QC findings will be used to fine tune classes. This year particular attention will be paid to Locating and Marking and Inside Safety Inspections. PGL will review training curricula and materials during the year subsequent to date of this report and update as necessary.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	The review and revision of the training plan for Inside Safety Inspections has been completed. See the response form for Recommendation III-15.	N/A	Yes
2-	See action items for Recommendation II-8 for Locator Training Program review. The target completion date for this specific training program review and update is:	12/31/2008	Yes
3-	Complete review of Lesson Plans (Periodically from start date)	10/31/2008 to 9/30/09	No
4-	Revise Lesson Plans as per results of the reviews (Periodically from start date)	10/31/2008 to 9/30/09	No
5-	-	-	-

Resources Needed:

Internal

An additional 0.25 FTE Senior Instructor will be required.

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M			\$34,519 (salary with loadings, 0.25 FTE Senior Instructor)		
Capital					

Comments:**Deliverable Items:**

Revised locator training curricula and training materials for Inside Safety Inspection and for Locator training classes; Revised or unchanged curricula and training materials for all other training classes as a result of the reviews of all other classes.

Questions for Liberty Staff:**Comments:**

#: V-2

UPDATED: 2/11/2009

Recommendation:

Review and reduce non-training job duties of instructors.

The primary duty of the instructors is to instruct. This requires that the instructors take appropriate training themselves, both initially and with regular refresher classes, to become expert in the subjects they teach, and to maintain that expertise on a current basis. As currently configured, their job duties allow no time for their training. Peoples Gas should conduct this review within six months of the date of this report and complete the implementation of changes within 18 months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

COMPLETE REVIEW: SIX MONTHS. COMPLETION: 18 MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Plans for the continuing education for PGL instructors will be established in order to maintain their expertise and expand their knowledge applicable to gas operations. An increase of Technical Training and Standards staffing levels will be considered in order to make these activities possible within the timeframe cited in the Recommendation. This includes the possibility of increased staffing for operations technical support and/or reducing the workload in some non-training duties at TT&S.

Action Items to Complete:

	Target Date:	(MM/DD/YYYY)	Complete?
1- Analyze and determine the continuing education needs of TT&S instructors.	Target Date:	11/28/2008	Yes
2- Research internal and external training programs for instructor staff, and complete the scheduling of training .	Target Date:	2/15/2009	No
3- Review technical support resource needs to handle current non-training duties of instructors.	Target Date:	12/31/2008	Yes
4- Final determination of need for additional technical support FTE.	Target Date:	1/31/2009	Yes
5- Latest start date for the possible one additional technical support FTE.	Target Date:	3/31/2009	No
6- Instructors relieved of non-training duties.	Target Date:	8/31/2009	No
7- Review and reassessment of further additional technical support resources needs.	Target Date:	8/31/2009	No
8- Add further additional technical support resource FTE, if found required from reassessment.	Target Date:	10/30/2009	No
9- Complete the first cycle of continuing education training for TT&S instructors.	Target Date:	3/31/2010	No

Resources Needed:

Internal

One additional technical support FTE possible based on analysis of training needs and scheduling of training for instructors.

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$119,366 (salary, loaded, for 1 Technician FTE)	O&M		
Capital			Capital		

Comments:

Deliverable Items:

Results of Continuing Education Needs Assessment for TT&S instructors; results of training program research; training completion records.

Questions for Liberty Staff:

Comments:

#: V-3

UPDATED: 1/23/2009

Recommendation:

Revise the testing methods for evaluations of qualifications to perform covered tasks.

Peoples Gas should re-evaluate its covered tasks to include practical evaluation of critical tasks such as leak surveys in addition to written tests. Peoples Gas should also remove "work performance history review" as an evaluation method. Peoples Gas should revise the Distribution Covered Task Evaluation Technique in Appendix A of the OQ Program to reflect the above changes. Peoples Gas should also review its written tests to ensure that those tests evaluate the overall knowledge of the subject, rather than concentrating heavily on individual areas. Peoples Gas should implement this recommendation within one year of the date of this report, in conjunction with Recommendation V-1.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrygroup.com

Required Timeline, per Liberty Audit:

ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:****Action Items to Complete:**

		(MM/DD/YYYY)	Complete?
1-	Review new Leak Investigation Simulation Software.	Target Date: 10/31/2008	Yes
2-	Presuming viability of the Leak Investigation Simulation Software, incorporate its use in practical evaluation for the leak survey function.	Target Date: 2/28/2009	No
3-	Research the viability/concept design/budget costing of a "Leak Street" facility for personnel practical evaluation as an alternative to Leak Investigation Simulation software	Target Date: 4/30/2009	No
4-	Review Operator Qualification Program Documents and remove references to "Work Performance History Review."	Target Date: 12/31/2008	Yes
5-	Review covered tasks and associated practical exams, develop and include practical exams where none exist for covered tasks that are deemed critical. Develop and include practical exams for less critical covered tasks if appropriate.	Target Date: 10/31/08 to 9/30/09	No
6-	Review covered tasks and associated written exams, revise exams where appropriate to ensure that those exams evaluate the overall knowledge of the subject.	Target Date: 10/31/08 to 9/30/09	No

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital	\$5,000 (Leak Survey training software)		Capital		

Comments:

Deliverable Items:

Evaluation of new Leak Investigation Simulation Software and its applicability; Revised lesson plans where new Practical exams have been included; Revised OQ Program documents.

Questions for Liberty Staff:

PGL requests clarification of instances (covered tasks), if audit data is available, where PGL written tests may not evaluate the overall knowledge of the subject.

Comments:

#: V-4

UPDATED: 1/23/2009

Recommendation:

Ensure that all contractors have acceptable Operator Qualification Plans.

Peoples Gas should implement this recommendation immediately.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

IMMEDIATELY

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

All contractor OQ plans are current at PGL. This Recommendation is considered implemented.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	This Recommendation is considered implemented.	-	Yes
2-	Q1 Liberty Review	12/31/2009	No
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	N/A		O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: V-5

UPDATED: 1/23/2009

Recommendation:

Analyze crew leader retest failures.

Peoples Gas should perform an analysis to determine in what areas (covered tasks) crew leaders are failing retests. Peoples Gas should re-evaluate each of the areas (covered tasks) that might necessitate training more often (less than three years) due to the infrequent or repetitive nature of performing a covered task identified by the retest analysis. Peoples Gas should complete an initial review of such failures within six months of the date of this report and make this analysis a continuing part of the qualification process.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL will conform with this Recommendation. PGL will include retraining in the covered tasks identified by the retest analysis during the annual Crew Refresher and Field Service Ingrade training.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Initial Review of covered tasks failures for the most recent OQ Period	11/26/2008	Yes
2-	Review of covered tasks failures for the past 3 years	12/31/2008	Yes
3-	Revise material for Upcoming Refresher Training covering area of failures	1/31/2009	No
4-	Follow-up Review of covered tasks failures for the subsequent OQ Period	11/25/2009	No
5-		-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M			150 wage earners per shop =450 man-days X 8hr/day=		
Capital					

Comments:

Deliverable Items:

Initial Review of covered tasks failures for the most recent OQ Period. Review of covered tasks failures for the past 3 years. Revised material for Refresher Training covering area of failures. Follow-up Review of covered tasks failures for the subsequent OQ Period. Darin Burk suggested more remedial training be considered during triennial re-qualification if significant improvement is not experienced over first 3 year cycle.

Questions for Liberty Staff:

Comments:

Additions to the training curriculum may result in an additional day of training.

#: V-6

UPDATED: 10/01

Recommendation:

Modify requalification interval practices.

Peoples Gas should change its OQ Plan (Section 5.2 Evaluation of Qualifications, page 8) to require requalification within 3 years or not to exceed 39 months, rather than up to 3 years 11 months as currently allowed. Peoples Gas should implement this change within three months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

PGL will conform with this Recommendation, with Operations sending personnel in for requalification by their due date.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Update the OQ Plan document and communicate the policy change to district gas operations management.	12/31/2008	Yes
2-		-	-
3-		-	-
4-		-	-
5-		-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M	N/A		O&M		
Capital			Capital		

Comments:

Deliverable Items:

Updated OQ Plan document and policy change communications

Questions for Liberty Staff:

Comments:

New time frames to begin at the start of the 2009 training year.

#: V-7

UPDATED: 2/10/2009

Recommendation:

Address the new Pipeline and Hazardous Materials Safety Administration (PHMSA) training requirements.

Peoples Gas should train instructors and add to course curricula the new requirements and guidelines contained in the PHMSA Advisory bulletins.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

N/A

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

The topics covered in PGL training for field personnel for excavation damage prevention were compared by training staff management to the requirements and guidelines covered in the subject advisory bulletins, at the time of publication of the bulletins. Requirements were found to be in place in the current training program, but instructors were not specifically informed of the bulletins.

Instructors will be informed of the Advisories' requirements and guidelines, and these requirements and guidelines will again be reviewed to assure company compliance. Damage prevention best practices advocated by the Common Ground Alliance will be compared to current practices. Current practices will be updated for conformance to

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Comparative study of the requirements and guidelines from Advisory Bulletins 06-01 and 06-03 to current course curricula related to excavation damage prevention.	Target Date: 10/31/2008	Yes
2-	Identify gaps in current training curricula shown by the comparative study to ADB 06-01 and 06-03 requirements and guidelines.	Target Date: 11/28/2008	Yes
3-	Review and compare the CGA Best Practices to current excavation damage prevention processes training curricula; and the NULCA locator training standards and practices to current training curricula.	Target Date: 11/28/2008	Yes
4-	Identify gaps in current training curricula shown by the comparative studies to CGA Best Practices and NULCA locator training standards.	Target Date: 1/31/2009	Yes

Resources Needed:

Internal

Supervisor OQ/Gas Training, PGL Senior Engineer - for comparative study of Advisory Bulletins 06-01 and 06-03 to curricula.

External

Consultant, PGL Senior Engineer - for comparison of CGA Best Practices to current excavation damage prevention processes

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M	Consultant Cost ?			O&M	
Capital				Capital	

Comments:

Deliverable Items:

Gap analysis results from comparative study of Advisory Bulletins 06-01 and 06-03 to curricula. Gap analysis results from comparison of CGA Best Practices and NULCA locator training standards, to current curricula for excavation damage prevention processes training and locator training. (Note: Updated lesson plans will be prepared by March 31, 2009, in associated with Recommendation II-8.)

Questions for Liberty Staff:

Comments:

#: **V-8** Updated 11/14/2008

Recommendation:
 Improve the Quality Assurance / Quality Control (QA/QC) Program.

While the new QA program is under development and implementation, Peoples Gas should make necessary improvements in the existing program. These include: 1- Ensure that it audits all fieldwork activities, not just those taking place when the auditor happens to be on site, 2- Assign sufficient staff to conduct audits, 3- Track audit results and required corrective actions to completion, 4- Perform more independent audits using an expanded CMG or other personnel not from the shop performing the audited activity. Peoples Gas should begin to make these changes immediately and report of progress to the ICC within six months of the date of this report.

Owner: Rich Echoles **Owner's Email:** recholes@integrysgroup.com

Required Timeline, per Liberty Audit: START: IMMEDIATELY. PROGRESS REPORT TO ICC: SIX MONTHS

PGL's Position: **Accept/Reject/Counter?** ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

- 1) Peoples Gas propose to make changes to its Quality Assurance and Quality Control (QAQC) Program requiring that each field activity be audited once (1) per quarter - requiring that all QAQC database checklist questions for each activity be audited, not just the questions pertaining to the tasks that the Auditor observes when he happens to be on site. These activities are listed in the November 2007 version of the QAQC Program manual and are in the following departments: Distribution, Field Services, Gas Operations (GOS) and Special Projects Field Services.
- 2) Peoples Gas propose to increase the CMG staff by 6 Auditors.
- 3) Peoples Gas propose to track audit results and corrective actions to completion in the current QAQC database. The database features will be enhanced to allow this functionality.
- 4) Peoples Gas propose to have the CMG (expanded staff) perform all the QAQC Performance Audits. These groups will be independent of the shops.
- 5) The CMG Group will also perform all contractor QAQC Performance Audits at the frequency specified in the QAQC Program manual (November 2007) - 1 per quarter per job type performed. The transition schedule (Actions items to Complete-section below) is the same for the contractor audits as for the shop audits.

Action Items to Complete:	(MM/DD/YYYY)	Complete?
1- Plan must be approved by PGL Management	Target Date: 10/31/2008	Yes
2- 1) Logistics/Planning - transition audits from shops to CMG Group 2) Enhance QAQC Database	Target Date: 11/30/2008	No
3- Hire additional Auditors & Training	Target Date: 6/30/2009	Revised
4- Gradually begin performing the shops' QAQC audits including contractor audits	Target Date: 5/30/2009	Revised
5- Full transition - CMG Group performing all shops QAQC audits including contractor	Target Date: 8/30/2009	Revised
6- Progress report to ICC	Target Date: 6/30/2009	Revised

Resources Needed:
 Internal
 1) 6 Auditors Internal or External 2) Senior IT member to perform enhancements to QAQC Database
 External

Cost/Benefit Analysis		Est. Costs		Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M		\$657,968 (includes overhead / loading)	O&M		\$402,850 (includes overhead / loading)
Capital			Capital		

Comments: Hire 4 engineers and 2 senior engineers. General Supvs workload decrease - Peoples Gas wide estimated 2.5 General Supv potential hires not needed thus shift

Deliverable Items:
 1) Record of audits performed by CMG Staff - hardcopy and electronic form in QAQC database 2) Expanded CMG staff 3) Enhanced QAQC database

Questions for Liberty Staff:

Comments:
 Peoples Gas proposed plan and response to Liberty **Recommendation V-8** (as described above) also addresses Liberty **Recommendation IV-7** "Contractor audits of contractor crews as required in QAQC Program Manual."

#: V-9

Updated

1/23/2008

Recommendation:

Provide the means for, and require that, General Supervisors spend more time in the field on job sites with their crews.

Peoples Gas should identify means of increasing the effectiveness of their General Supervisors, eliminating tasks that keep them away for their primary activities, and increasing their on-site supervision of crews. Peoples Gas' Operations Field Support should continue to develop its planning applications function to perform routine planning for code compliance activities to relieve General Supervisors from performing tasks and activities in the office. In addition, Peoples Gas may need to hire more General Supervisors. Peoples Gas should develop a written plan for meeting this recommendation within three months of the date of this report. The plan should include schedules and specific goals for General Supervisor on-site time.

Owner:

Rich Echoles / Dawn Neely

Owner's Email:

DPNeely@integrysgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

Counter

If Counter, Please Explain:

Peoples Gas should be allowed to impliment the WAM system and staff the centralized planning group before making a decision on this recommendation. Consideration must also be given to acceptance of related recommendations within this audit.

Support Accept/Reject Position:

Peoples Gas is in the process of implementing a new Work and Asset Management System (WAM) to replace some of the legacy systems in use today. The system will handle many of the office tasks currently performed by General Supervisors such as permit management. The system will also eliminate the need to review time and work tickets. It is expected that the system will in itself, increase the effectiveness of the General Supervisors; both in the field and in the office.

In conjunction with the WAM system, the centralized planning group will take over some of the daily tasks currently performed by general supervisors. These tasks include planning and assigning regulatory work, assigning locate requests and assigning valve inspections.

In addition to the above, the Compliance Monitoring Group (CMG) will take over responsibility for performing all field QA/QC audits. This will free up time for supervisors to spend more time directly supervising crews.

Action Items to Complete:

(MM/DD/YYYY)

1-	CMG to perform all shop QA/QC audits	Target Date:	8/30/2009	No
2-	Centralized Planning to manage safety surveys	Target Date:	2/1/2009	No
3-	Centralized Planning to manage valve inspections	Target Date:	2/1/2009	Yes
4-		Target Date:		
5-		Target Date:		

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: V-10

Updated 11/14/2008

Recommendation:

Upgrade the legacy computer systems as planned.

Peoples Gas operates and maintains a number of "legacy" computer programs and databases in which it stores information about its system components. The systems are cumbersome to access and use to evaluate data from which Peoples Gas makes system management decisions. Peoples Gas should replace these legacy systems, convert its data and implement a new modern system that allows it to evaluate its system components and streamline its scheduling of inspections and manage its work. Peoples Gas plans to complete this change by March 2009. It should report on any delays or revised schedules for implementation as they occur.

Owner:

John Just / Reply by T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

SEVEN MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

The Work and Asset Management system (WAM) has been approved and is currently in construction. The current estimate is for this new system to be available by 9/30/2009. Liberty will be provided updates on any schedule revisions.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	WAM Buisness process mapping table of contents provided for review (See Attached)	11/20/2008	Yes
2-	Provide updated project schedule	2/20/2009	No
3-	-	-	-
4-	-	-	-
5-	-	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs		Est. Benefits	
		One-Time	Annual	One-Time	Annual
O&M					
Capital					

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: V-11

UPDATED: 2/23/2009

Recommendation:

Develop a structured process for long term planning.

Peoples Gas should develop its long-term plans for the distribution system in a more formal, structured process. This includes having plans with greater specificity, and developing and updating long-term objectives, intermediate goals, and recommendations. Peoples Gas should begin to develop this process within three months of the date of this report, and complete its implementation within one year of the date of this report.

Owner:

Mark Kinzie

Owner's Email:

MWKinzie@integrsaroup.com

Required Timeline. per Liberty Audit:

DEVELOPMENT: THREE MONTHS. COMPLETION: ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:**Support Accept/Reject Position:**

Peoples Gas will provide a formal structured process for long term planning. The documentation of the process will be completed within 2 months and the implementation within 6 months. The process will include long terms goals and vision as well as a process for the evaluation of projects towards those goals.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Development and documentation of the process.	Target Date: 12/1/2008	Yes
2- Completion of the long term analysis and design.	Target Date: 3/31/2009	Revised
3- Implementation of process.	Target Date: 4/1/2009	No
4- -	Target Date: -	-
5- -	Target Date: -	-

Resources Needed:

Internal

Gas Support engineer, ITS support

External

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	\$82,292			O&M			
Capital				Capital			

Comments: 960 hours of engineering time - Gas System Support, 80 hours ITS resource.

Deliverable Items:

Documentation of the process and procedures used for long term planning.

Questions for Liberty Staff:**Comments:**

#: V-12

UPDATED: 10/01

Recommendation:

Develop and implement a procedure for up-rating low-pressure mains.

Peoples Gas' up-rating process (i.e., converting low-pressure mains to a new and higher operating pressure) needs to be more formal and include ensuring that system components are within the limits of the pressure up-rating and are designed for and capable of withstanding the new higher operating pressure. Peoples Gas should implement the new procedure within six months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

TTS will revise Main Work Order 7.100 of the Distribution Manual to address uprating mains in accordance with Pipe Safety Regulations Part 192.557, Subpart K (Uprating: Steel pipelines to a pressure that will produce a hoop stress less than 30% SMYS; plastic, cast iron, and ductile iron pipelines)

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	Process design and revision of Main Work Order 7.100	Target Date: 2/28/2009	No
2-	Communication and training of district shop operations	Target Date: 3/31/2009	No
3-	-	Target Date: -	-
4-	-	Target Date: -	-
5-	-	Target Date: -	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Revised Main Work Order 7.100; Documentation of communication and training to/for gas operations management.

Questions for Liberty Staff:

Comments:

#: V-13

UPDATED: 10/01

Recommendation:

Review industry committee participation.

Peoples Gas should review the industry committees in which it participates to ensure that it assigns the appropriate people, and that it does not assign individuals to too many committees, resulting in ineffective participation and negating the company's goals of its participation. Peoples Gas should complete this review within six months of the date of this report and make any appropriate changes within one year of the date of this report.

Owner:

Ed Doerk / Reply by T. Lenart

Owner's Email:

tlenart@peoplesgasdelivery.com

Required Timeline, per Liberty Audit:

COMPLETE REVIEW: SIX MONTHS. MAKE CHANGES: ONE YEAR

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

A review of AGA committee assignments will be reviewed. Assignments of individuals to multiple committees will be verified to ensure that logic exists for multiple assignments and adequate time is allocated for effective participation. Even more effective participation will be addressed with all assignees with emphasis on attendance.

Action Items to Complete:

	(MM/DD/YYYY)	Complete?
1- Complete review of AGA committee assignments, and make any required adjustments.	3/31/2009	No
2- -	-	-
3- -	-	-
4- -	-	-
5- -	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments:

#: V-14

UPDATED: 10/01

Recommendation:

Establish the combined Integrys successor to the Peoples Materials Standards Committee (MSC).

An ICC Order required the MSC to fill an identified need. Peoples Gas dissolved the MSC in anticipation of a joint Integrys committee. That new committee has not yet been established, although the merger took place in early 2007. Peoples Gas should establish a committee to oversee the transition involving procedures and materials procurement processes resulting from the merger and to comply with the ICC order. Peoples Gas should implement this recommendation within three months of the date of this report.

Owner:

Fred Ulanday

Owner's Email:

ASUlanday@integrysgroup.com

Required Timeline, per Liberty Audit:

THREE MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

The successor Integrys committee for oversight of procedures and materials procurement processes for all Integrys gas distribution utilities was chartered on November 13, 2007, called the Gas Standards and Component Materials (GSCM) Committee. The GSCM Committee Charter is attached. Its organizational meetings occurred in December, 2007 and January, 2008. Committee activity subsequently commenced. Two quarterly meetings have also occurred (May and July, 2008). This Recommendation has been implemented.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1-	This task is completed.	Target Date:	- Yes
2-	-	Target Date:	- -
3-	-	Target Date:	- -
4-	-	Target Date:	- -
5-	-	Target Date:	- -

Resources Needed:

Internal

External

Cost/Benefit Analysis

	Est. Costs			Est. Benefits	
	One-Time	Annual		One-Time	Annual
O&M			O&M		
Capital			Capital		

Comments:

Deliverable Items:

Provide minutes of meetings and charter for Q1 Review by Liberty.

Questions for Liberty Staff:

Comments:

This recommendation has been completed.

#: VI-1

UPDATED: 11/6/2008

Recommendation:

Implement a modern and effective performance measures program.

Peoples Gas should significantly improve the completeness, presentation, and dissemination of performance reports. Peoples Gas should retain expert assistance in the development of the program. Peoples Gas should replace the obsolete systems that inhibit a useful performance measures system. Within six months of the date of this report, Peoples Gas should have a documented plan for improving its performance measures program. At minimum, this plan should provide a complete definition of performance metrics, a schedule for their implementation, and the commissioning of a computer-system study.

Owner:

Ted Lenart

Owner's Email:

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Required Timeline, per Liberty Audit:

SIX MONTHS

PGL's Position:

Accept/Reject/Counter?

ACCEPT

If Counter, Please Explain:

Support Accept/Reject Position:

Huron Consulting has been contracted to develop the plan for identifying and reporting on performance metrics. This plan will include identifying industry best practices regarding definition of performance metrics. The plan will evaluate the most effective way to gather the required information and identify appropriate delivery mechanisms, including a schedule for implementation. At this time Peoples Gas is not prepared to commit to commissioning a computer study since the data will be available from existing computer system and it is not clear that a new system will be required.

Action Items to Complete:

		(MM/DD/YYYY)	Complete?
1- Complete defining performance metrics and provide list to Liberty	Target Date:	3/31/2009	No
2- Complete implementation plan for performance reporting metrics	Target Date:	6/30/2009	No
3- -	Target Date:	-	-
4- -	Target Date:	-	-
5- -	Target Date:	-	-

Resources Needed:

Internal

External

Cost/Benefit Analysis

		Est. Costs				Est. Benefits	
		One-Time	Annual			One-Time	Annual
O&M	Unknown			O&M			
Capital	Unknown			Capital			

Comments:

Deliverable Items:

Questions for Liberty Staff:

Comments: