2014-P-00033

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

February 24, 2014

Mr. Willard Evans, President
Peoples Gas Light and Coke Company
130 E. Randolph Drive
Chicago, Illinois 60601

Re: Notice of Amendments (NOA # 2014-A001-00024 & 2014-A001-00025)

Dear Mr. Evans:

Representatives of the Illinois Commerce Commission Pipeline Safety Program ("Staff") conducted a review of the Peoples Gas Light and Coke Company ("PGL") Operations and Maintenance Manual ("O&M") at Technical Training and Standards on January 29-31, 2014 (Inspection # 2014-P-00033). The audit has established the following procedures in PGL's O&M are inadequate.

Below is a listing of the sections of the Code of Federal Regulations ("CFR") and the subsection language applicable to the violations. In some instances, additional sections of the CFR are referenced to clarify the inadequacy identified. Following the CFR or subsection language is a description of each inadequacy.

NOA # 2014-A001-00024

CFR §192.605 titled: **"Procedural manual for operations, maintenance, and emergencies"**, states in paragraph (a) "General". Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

With reference to the requirements included in **CFR §192.619** titled: **"Maximum allowable operating pressure - Steel or plastic pipelines"** states in paragraph (a) (3) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following: The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a) (2) of this section after the

applicable date in the third column or the segment was uprated according to the requirements in subpart K of this part:

Pipeline Segment	Pressure date	Test date
-Onshore gathering line that first became subject to this part (other than §192.612) after April 13, 2006. -Onshore transmission line that was a gathering line not subject to this part before March 15, 2006.	March 15, 2006, or date line becomes subject to this part whichever is later.	5 Years preceding applicable date in Second column.
Offshore gathering lines.	July 1, 1976	July 1, 1971
All other pipelines.	July 1, 1970	July 1, 1965

The O&M does not contain procedures or clearly define the method used to determine the MAOP for pipeline segments in existence prior to July 1, 1970. If the method outlined in 192.619(a) (3) was used to establish the MAOP of an existing pipeline segment, procedures would need to be included outlining that process for determination.

NOA # 2014-A001-00025

CFR §192.605 titled: **"Procedural manual for operations, maintenance, and emergencies"**, states in paragraph (a) "General". Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

With reference to the requirements included in **CFR §192.619** titled: **"Maximum allowable operating pressure - Steel or plastic pipelines"** states in paragraph (a) (4) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following: The pressure determined by the operator to be the maximum safe pressure after considering the history of the segment, particularly known corrosion and the actual operating pressure.

The O&M does not contain procedures that clearly define the method used to determine the MAOP for existing pipeline segments. The procedures do not define a process for establishing the MAOP based on a safe pressure determined by the operator after considering the operating history and known corrosion.

Staff further recommends when PGL considers the inadequate procedures and amendments associated with MAOP determination, they include a detailed process in accordance with 192.619.

This letter serves as notice of inadequate procedures. A response to this notice is requested by March 26, 2014. If you are contesting this Notice, include a detailed written explanation and any necessary supporting documents with your response.

If you are not contesting this Notice, the response must acknowledge that amended procedures will be provided to this office by May 26, 2014. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed. Any correspondence must include the Inspection Report Number as well as the corresponding NOA Number.

Failure to respond to this Notice and take corrective action will result in the issuance of a Notice of Probable Violation and initiation of a Citation Order that will subject Peoples Gas Light and Coke Company to a penalty assessment as allowed under Section 7 of the Illinois Gas Pipeline Safety Act (220 ILCS 20/7).

Please be advised that pursuant to IL Adm. Code Part 596 of the Commission's Rules, all information regarding this inspection in possession of the Commission, including communications regarding this inspection will be made available to the public and posted on the Commission's website. Confidential and/or personal information including, but not limited to social security numbers, driver's license numbers, credit card numbers, debit card numbers, and medical records, etc. should be included in neither inspection documents nor correspondence with the Commission. Any person, as set forth in Section 596.20, who believes that any inspection information is confidential or proprietary shall request that the Commission enter an order to protect the confidential or proprietary information pursuant to 83 Ill. Adm. Code 200.430.

If you have any questions concerning this matter, please contact Aaron McElravy at (217) 299-5671, or I may be contacted at (217) 785-1165.

Sincerely,

Darin R. Burk/mn

Darin R. Burk
Pipeline Safety Program Manager

DB:mn

Cc: Ms. Jodi Caro, VP Legal Services
Peoples Gas Light & Coke Company
130 E. Randolph Drive
Chicago, Illinois 60601