STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

February 27, 2014

Mr. Willard Evans
President
North Shore Gas Company
130 E. Randolph
Chicago, IL, 60601

Re: Notice of Amendments (NOA #'s 2014-A001-00026, 2014-A001-00027, 2014-A001-00028)

Dear Mr. Evans:

Representatives of the Illinois Commerce Commission Pipeline Safety Program ("Staff") conducted a review of the North Shore Gas Company ("North Shore Gas") Records on February 4-7, 2014, (Inspection # 2014-P-00040). The audit has established that North Shore Gas' O&M plan is inadequate.

Below is the applicable section of the Code of Federal Regulations ("CFR") and the subsection language applicable to the violation. 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-A001-00026

CFR §192.605 titled: ***"Procedure 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 §192.613** titled: "**Continuing Surveillance***"* states in paragraph (a), "Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions."

Staff could not locate a procedure to review continuing surveillance records for class location changes, failures, leak history, corrosion, changes in cathodic protection and other unusual operating and maintenance conditions.

NOA # 2014-A001-00028

CFR §192.605 titled: ***"Procedure Manual for Operations, Maintenance, and Emergencies"*** states in paragraph (b), "Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.

Staff was unable to locate a procedure for main cut-out and replacement on medium pressure pipelines.

NOA # 2014-A001-00027

CFR §192.605 titled: ***"Procedure Manual for Operations, Maintenance, and Emergencies"*** states in paragraph (b), "Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
(3) Making construction records, maps, and operating history available to appropriate operating personnel."

There were three instances where the delay in the As-Built process caused missed leak survey instances. As an example, facility # 30000011855, was coded as a Business Survey. The service was installed on 6/16/2011. The As-Built was posted to the FMDR system on 5/23/2013. The survey was completed on 10/18/2013. Two leak survey instances were missed as a result of the delay.

North Shore Gas must establish a procedures to require posting of as-built record updates in a timely manner to ensure that associated compliance inspection can be completed as required.

This letter serves as notice of inadequate procedures. A written response to this notice is requested by March 31, 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 written response must acknowledge that amended procedures will be provided to this office by May 28, 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 North Shore Gas 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, drivers 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 Steve Canestrini at (217) 299-7810, or I may be contacted at (217) 785-1165.

Sincerely,

Darin R. Burk/mn

Darin R. Burk
Manager- Pipeline Safety

DRB/mn

cc: Jodi Caro, VP Legal Services
North Shore Gas Company
130 E. Randolph Drive
Chicago, Illinois 60601