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**ILLINOIS COMMERCE COMMISSION**

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December 22, 2014

Mr. Thomas J. Webb  
Compliance Manager  
Peoples Gas Light and Coke Company  
200 E. Randolph Street  
Chicago, IL 60601

Re: Response to your December 3, 2014, Notice of Probable Violation Response Letter (NOPV # 2014-V001-00060)

Dear Mr. Webb:

A review was conducted by Staff regarding your response to NOPV # 2014-V001-00060 (Inspection # 2014-P-00428). The NOPV was issued to Peoples Gas for failure to meet the requirements as detailed in CFR §192.605 (a). To summarize Staff's explanation in this NOPV, Peoples Gas failed to follow its own written procedures when applying hot wrap to a steel pipeline. Your response indicated three actions that have been or will be taken to address the NOPV. Below are the three items:

1. PGL has discussed the current condition of the pipe wrap with Chase Corporation's R&D Department and has advised that the current configuration is acceptable.
2. PGL will perform a DCVG survey over the pipe area to determine if settlement has caused the coating to dis-bond. This will be completed by June 1, 2015.
3. PGL is in the process of changing O&M Manual Exhibit XIII to reflect vendor's procedures. This will be completed by January 30, 2015.

Your response stated that Chase Corporation had informed Peoples Gas the wrap in question in this NOPV was an acceptable method, in that, applying a short portion of wrap onto the main without overlapping nor applying circumferentially to where the beginning portion and the ending portion overlap.

Item 1 states that Chase Corporation's R&D Department has advised Peoples Gas the current configuration indicated in the NOPV is now acceptable. A copy of the letter from Chase Corporation informing Peoples Gas that the method in question is acceptable is requested for review and to resolve this matter. Additionally, provide the result of testing performed by the Chase Corporation demonstrating that the alternative method of wrapping the pipeline is acceptable in the long term.

A review of Chase Corporation's website took place on December 10, 2014, to review their procedure for application of Hot Applied Tapes TC20 (see attached procedure). There are several portions of the procedure that I would like to address. Step 4.5 offers two methods for applying hot wrap. Specifically, Step 4.5.1 includes the preferred method of spiral wrapping the coating along the main. Step 4.5.2 includes the other method of using a cigarette wrap. The procedure continues in Step 4.6 stating it is recommended to overlap the tape coating 50% during application. Further, in Step 6.3 it states "The preferred method is to wrap the tape around the total circumference of the pipe (either spiral or cigarette wrap), covering the area of the holiday and extending onto the undamaged coating a minimum of 4 inches."

Considering Chase Corporation's own procedures regard application of TC 20, it is concerning that its R&D department is willing to imply that a procedure, other than listed on their own website, is acceptable. Furthermore, in your response #2, you state that DCVG will be conducted to determine if settlement has caused the coating to disbond. Peoples Gas did not follow the manufacturer's installation recommendation, its own procedure, nor did it develop an alternative application procedure that demonstrates the method of application provides sufficient adhesion to the metal surface to effectively resist under film migration of moisture. Additional DCVG testing of the location in question should be performed at least annually to demonstrate the long term adhesion of the tape as applied.

The role of the ICC Pipeline Safety Program is to determine if the actions taken by any operator meet the requirements of the Code of Federal Regulations and the operator's operating procedures. Until further information is received regarding this matter, I am not confident the procedure used will maintain a safe and reliable pipeline. Please respond with the requested documentation by January 31, 2015.

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 Matt Smith at (217) 720-0291, or I may be contacted at (217) 785-1165.

Sincerely,



Darin R. Burk  
Manager - Pipeline Safety

Attachment