



ILLINOIS COMMERCE COMMISSION

November 3, 2014

Mr. John Kleczynski
President
North Shore Gas Company
200 E. Randolph Street
Chicago, IL 60601

Re: Notice of Amendments (NOA #'s 2014-A001-00121, 2014-A001-00122, and 2014-A001-00123)

Dear Mr. Kleczynski:

A representative of the Illinois Commerce Commission Pipeline Safety Program ("Staff") conducted a review of the North Shore Gas Company ("North Shore Gas") Transmission Integrity Management Plan ("TIMP") on October 6-8 and 27-28, 2014 (Inspection # 2014-P-00429). The audit has established that North Shore Gas' TIMP 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-A001-00122

CFR §192.911 titled: ***"What are the elements of an integrity management program?"*** states in paragraph (k), "An operator's initial integrity management program begins with a framework (see § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see § 192.7) for more detailed information on the listed element.) A management of change process as outlined in ASME/ANSI B31.8S, section 11."

The Transmission Integrity Management Plan Section 16.3.5 states only “significant” changes affecting the written program will be maintained. ASME B31.8S-2004, Section 11 (a) specifically requires major or minor changes to be documented. Significant changes do not encompass minor changes that is required by the federal regulation.

NOA # 2014-A001-00123

CFR §192.921 titled: **“How is the baseline assessment to be conducted?”** states in paragraph (a) (4), “Assessment methods. An operator must assess the integrity of the line pipe in each covered segment by applying one or more of the following methods depending on the threats to which the covered segment is susceptible. An operator must select the method or methods best suited to address the threats identified to the covered segment (See § 192.917). Other technology that an operator demonstrates can provide an equivalent understanding of the condition of the line pipe. An operator choosing this option must notify the Office of Pipeline Safety (OPS) 180 days before conducting the assessment, in accordance with §192.949. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has an interstate agent agreement, or an intrastate covered segment is regulated by that State.”

Section 9.1.4 of the Integrys Pipeline Integrity Program for Gas Transmission Pipelines contains the requirement to notify PHMSA if “other technology” is used, but fails to mention that notification will be provided to the Illinois Commerce Commission.

NOA # 2014-A001-00121

CFR §192.927 titled: **“What are the requirements for using Internal Corrosion Direct Assessment (ICDA)?”** states in paragraph (c) (5) (ii), “The ICDA plan. An operator must develop and follow an ICDA plan that provides for pre-assessment, identification of ICDA regions and excavation locations, detailed examination of pipe at excavation locations, and post-assessment evaluation and monitoring. Other requirements. The ICDA plan must also include-- Provisions for applying more restrictive criteria when conducting ICDA for the first time on a covered segment and that become less stringent as the operator gains experience;”

The Transmission Integrity Management Plan does not contain provisions for applying more restrictive criteria for pre-assessment and region identification when conducting ICDA for the first time on a covered segment.

This letter serves as notice of inadequate procedures. A written response to this notice is requested by December 3, 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 February 2, 2015. 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 Matt Smith at (217) 720-0291, or I may be contacted at (217) 785-1165.

Sincerely,

A handwritten signature in black ink that reads "Darin R. Burk". The signature is written in a cursive style with a first name "Darin", a middle initial "R.", and a last name "Burk".

Darin R. Burk
Manager - Pipeline Safety

DRB/mn