

Provided Pursuant to Sections 4-404 and 5-108 of the Public Utilities Act

March 24, 2015

Via Email

Matthew Smith
Manager – Pipeline Safety
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Re: Response to NOPV # 2014-V001-00071 and 2014-V001-00068
Inspection # 2014-P-00491 and 2014-P-00450

Reference: 1. Letter from DR Burk (ICC) to JD Kleczynski (PGL) dated January 20, 2015
2. Letter from DR Burk (ICC) to JD Kleczynski (PGL) dated November 19, 2014

Dear Mr. Smith:

This letter is a follow-up to the telephone conference held between the Illinois Commerce Commission (ICC) Pipeline Safety Staff and personnel from The Peoples Gas Light and Coke Company (PGL) on February 24, 2015. The telephone conference was related to two Notices of Probable Violations (NOPV) issued by the ICC to PGL, see References 1 and 2.

Crandon Event:

In Reference 1, the ICC Staff issued PGL a NOPV alleging that a PGL crew failed to follow a PGL procedure on August 20, 2014. The NOPV stated that the crew installed a concrete thrust block to brace an exposed end cap on a 20" ductile iron main operating at 22.25 psig. The thrust block measured 34.5" x 34.5" x 35". For this size of main, PGL Main Work Order 1.090 requires use of a thrust block with minimum dimensions of 6.25' x 3.5' x 5.00'. The NOPV stated that the concrete thrust block was undersized, which contributed to the end cap and a short segment of 20" ductile iron main dislodging under pressure from the remaining main and thrusting forward, injuring two employees in the excavation.

In Reference 1, the ICC Staff's recommended corrective actions stated that PGL must:

1. Review and improve the training material used annually to detail the requirements of Main Work Order 1.090. The new training material must be developed and tested to ensure that it provides each employee and supervisor with a comprehensive understanding of the procedure for determining proper concrete thrust block sizing. Furthermore, the training must instruct that each employee has a responsibility to verify the concrete thrust block utilized is of proper size for the application.
2. Review and improve the Operator Qualification material used to detail the requirements of Main Work Order 1.090.
3. PGL must review and ensure that each thrust block on PGL property meets the requirements of Main Work Order 1.090 which states:
 - a. Concrete to be 3000 psi.
 - b. Use #4 rod reinforcing bars in B direction (vertical) spaced 6" apart.
4. Each thrust block on PGL property at this time and going forward, must contain visible markings indicating the maximum pipe size the thrust block can be used to brace.
5. Create a document to be used each time a thrust block is used on a project. The document must contain a location requiring two employees to sign verifying the thrust block is of proper size and is placed in a manner that meets the requirements of PGL Main Work Order 1.090, or any successor procedure. The document is to be maintained with the work packet for review by the Illinois Commerce Commission Pipeline Safety Program during future audits of work order packets.

As discussed with the ICC Pipeline Safety Staff on February 24, 2015, PGL agrees to implement corrective actions 1 and 2 by July 31, 2015.

Since PGL is modifying the engineering basis for the blocking procedure, corrective action 3 will no longer be applicable. However, PGL will commit to assuring all pre-cast blocks stored on PGL property will meet current procedural requirements. As stated previously, the new blocking and bracing procedure will be issued July 31, 2015. All blocks used will meet the requirements of the new procedure on July 31, 2015. All blocks stored on PGL property used for blocking will either be disposed of or properly annotated as described in corrective action 4 by August 31, 2015.

It is important to note that some blocking evolutions will not use blocks stored on PGL property but will be poured in place. These blocks may not have embedded rebar and will not be marked as described in corrective action 4. However, multiple reviews of the block size will have occurred prior to the block being poured in place, as part of the revised expectations for the review of shutdown procedures. These blocks will typically be broken in place and then removed after completion of the job.

After the Crandon Event on August 20, 2014, PGL conducted a root cause of the event and identified corrective actions that will help to prevent recurrence of this event. Key corrective actions from this root cause include the following:

#	Cause	Description of Cause	Corrective Actions
1	Inadequate Procedure	The shutdown procedure did not reference the installation of the block or reference the correct procedure, MWO 1.090 Bracing Requirements for Low and Medium Pressure Systems.	1) Develop and document guidance that describes the following: <ol style="list-style-type: none"> a) The required content of a shutdown procedure b) The required review of a shutdown procedure c) The required approval process of a shutdown procedure d) The required topics to be reviewed at a pre-shutdown meeting. e) The required attendance at a pre-shutdown meeting
2	Inadequate Procedure Review Process	There is not a defined process for review and approving shutdown procedures.	
3	Inadequate Pre-job Planning	There is not a defined process for review and approving shutdown procedures	
4	Supervisor OQ expectations not defined	<p>The expectations for qualification and disqualification of Supervisors are not defined.</p> <p>The Supervisor at the job was aware that his operator qualifications had lapsed in February 2014 and yet he chose the block without conferring with a qualified individual.</p> <p>Furthermore, none of the qualified individuals involved in the task saw it as their responsibility to review the procedure or question the choice of the block.</p>	<ol style="list-style-type: none"> 1. Develop and document expectations for the qualification of Supervisors and General Supervisors. 2. Develop and document the process and expectations for disqualifying Supervisors and General Supervisors. 3. Develop and document the expectations for non-qualified Supervisors directing qualified individuals. 4. Develop and document the guidance to Supervisors explaining that they cannot perform a qualified task if they are not qualified.

Although PGL's root cause did not identify the need for a double sign-off as suggested by the ICC Staff, the ICC Staff's corrective actions 1 through 4, in addition to the corrective actions developed by PGL, will ensure that the size of blocks placed or built in the openings will be reviewed by multiple individuals.

As stated in the above table, PGL is developing a procedure to describe the required content, review, and

approval of shutdown procedures. This procedure will be published on July 31, 2015 and will require the size of any block be called out in the shutdown procedure. This procedure will receive multiple reviews prior to implementation. Therefore, if the block is poured in place, or if an existing block is used, multiple individuals will have reviewed the size of the block prior to it being placed. Furthermore, if an existing block is used, the markings, as required by ICC Staff corrective action 4, will allow independent field verification of the proper block placement.

In addition, as described in the table of corrective actions, PGL is taking actions to improve supervisor knowledge and employee understanding of their responsibility for tasks requiring OQ.

Corrective actions 1 through 4 that were proposed by the ICC, in conjunction with PGL's additional corrective actions, will provide multiple independent reviews of block. These corrective actions together will assure the safety of life and property.

Additionally, the administrative difficulty of maintaining the records required by corrective action 5 hinders its intended effectiveness. Therefore, PGL requests that it not be required to implement corrective action 5.

ISI:

In Reference 2, the ICC Staff identified a NOPV related to 49 CFR 192.605(a) based upon a customer complaint regarding an Inside Safety Inspection (ISI) that was performed on August 22, 2014 in conjunction with an odor complaint investigation at 5106 N. Kildare, Chicago, IL. As a result of the complaint, the ICC conducted an investigation to determine compliance with PGL procedures for operations and maintenance. In Reference 2, the ICC Staff's recommended corrective actions stated PGL must:

1. Contact the Customer residing at 5106 N. Kildare, Chicago, IL, and schedule and appointment to conduct a complete ISI.
2. Assign a qualified individual to perform the ISI in accordance with the PGL Field Service Manual.
3. Assign a supervisor to accompany and observe the assigned qualified individual identified above while performing the ISI at 5106 N. Kildare, Chicago, IL.
4. Identify the individual who performed the leak investigation at 5106 N. Kildare, Chicago, IL, on August 22, 2014, and revoke the qualification of the individual to perform ISIs.

A subsequent ISI was completed under the observation of a supervisor at 5106 N. Kildare on December 1, 2014.

The qualifications of the individual involved were suspended on January 23, 2015. The individual subsequently requalified on January 26, 2015.

Furthermore, all ISIs performed by the individual involved during the month of December 2014 until disqualification on January 23 are being re-performed.

As described previously, based on the length of time between the performance of the ISI on August 22, 2014 and PGL's receipt of the ICC letter in December 2014, PGL was unable to conclusively validate the ICC Staff's concern that the ISI was not performed. Based on this lack of conclusive evidence, PGL determined that further action regarding the employee should not be taken.

Mr. Matthew Smith

Page 5

Crandon Event and ISI Proposed Civil Penalties:

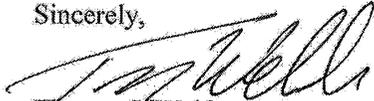
PGL understands the seriousness of these issues and has taken corrective actions beyond those recommended by the ICC Staff. Because of these actions and our cooperation with the ICC Staff on these issues, we are requesting the ICC Staff consider reducing or eliminating the proposed penalties.

With regard to the Crandon Event, PGL requests the ICC Staff reduce the recommended \$200,000 penalty by half. As a result of the Crandon Event, immediate corrective actions were taken to strengthen the review and approval of shutdown procedures, and PGL is in the process of improving supervisor qualification. In addition, as part of driving accountability through the organization, several layers of management personnel have been held accountable for their contribution to this event.

With regard to the ISI on Kildare, PGL respectfully requests the ICC Staff remove the penalty from this NOPV. PGL was not notified of the event for over three months. As a result, we cannot conclusively confirm the violation occurred. Furthermore, PGL has taken all of the corrective actions requested by the ICC Staff and additional measures described above.

Please contact me at your convenience if you have any questions regarding this matter.

Sincerely,



Thomas J. Webb

Compliance Manager

312-240-4650

The Peoples Gas Light and Coke Company

North Shore Gas Company

Nelson, Michelle

From: Webb, Thomas J <TJWebb@peoplesgasdelivery.com>
Sent: Tuesday, March 24, 2015 9:57 AM
To: Smith, Matt; McElravy, Aaron; Hecker, Kevin; Nelson, Michelle
Cc: @ Klyasheff, Mary; Magnuson, Robert M; Doerk, Edward; PGL Gas Compliance; @ Aridas, Thomas; Eldringhoff, Polly M; Hinton, Torrence L; Kinzle, Mark W; Kleczynski, John D; Lazzaro, David J
Subject: ICC_20150324_TO_NOPV_2014-V001-00071 and 00068_ 80th and Crandon and ISI on Kildare Response
Attachments: ICC_20150324_TO_NOPV_2014-V001-00071 and 00068_ 80th and Crandon and ISI on Kildare Response.pdf
Follow Up Flag: Follow up
Flag Status: Flagged

Dear Mr. Smith:

The attached letter is a follow-up to the telephone conference held between the Illinois Commerce Commission (ICC) Pipeline Safety Staff and personnel from The Peoples Gas Light and Coke Company (PGL) on February 24, 2015. The telephone conference was related to two Notices of Probable Violations (NOPV) issued by the ICC to PGL. The NOPVs are documented in the following letters:

- Letter from DR Burk (ICC) to JD Kleczynski (PGL) dated January 20, 2015
- Letter from DR Burk (ICC) to JD Kleczynski (PGL) dated November 19, 2014

Please contact me at your convenience if you have any questions regarding this matter.

Sincerely,

Tom Webb

Tom Webb
Compliance Manager
Peoples Gas Light and Coke Company
O: 312-240-4650
C: 920-246-2661