



ILLINOIS COMMERCE COMMISSION

October 2, 2015

Ms.Carolyn Wass
Vice President
University Park Energy, LLC
1700 Broadway, 35th Floor
New York, NY 10019

Re: Notice of Amendment (NOA # 2015-A001-00078, 2015-A001-00079, and 2015-A001-00080)

Dear Ms. Wass:

A representative of the Illinois Commerce Commission Pipeline Safety Program ("Staff") conducted a review of the University Park Energy, LLC ("UPE") Transmission Integrity Management Plan ("TIMP") on May 19-21, 2015, at the Utility Safety and Design Incorporated ("USDI") Office located in Olney, Illinois (Inspection # 2015-P-00319). The audit has established the TIMP procedures are inadequate.

Below is the applicable sections of the Code of Federal Regulations ("CFR") and the subsection language applicable to the violations. Following the CFR or subsection language is a description of each inadequacy.

NOA # 2015-A001-00078

CFR §192.905 titled: ***"How does an operator identify a high consequence area?"*** states in paragraph (c), "Newly identified areas. When an operator has information that the area around a pipeline segment not previously identified as a high consequence area could satisfy any of the definitions in §192.903, the operator must complete the evaluation using method (1) or (2). If the segment is determined to meet the definition as a high consequence area, it must be incorporated into the operator's baseline assessment plan as a high consequence area within one year from the date the area is identified."

Currently, the TIMP plan does not define the method used to identify a high consequence area (HCA) on the pipeline. The Identified Sites or area of HCA should be included on the pipeline map utilized for reviews conducted to determine if there are changes to an HCA or Identified Site.

CFR §192.937 titled: “What is a continual process of evaluation and assessment to maintain a pipeline's integrity?” states in paragraph (c) (5), “Assessment methods. In conducting the integrity reassessment, an operator must assess the integrity of the line pipe in the covered segment by any of the following methods as appropriate for the threats to which the covered segment is susceptible (see 192.917), or by confirmatory direct assessment under the conditions specified in 192.931. Confirmatory direct assessment when used on a covered segment that is scheduled for reassessment at a period longer than seven years. An operator using this reassessment method must comply with §192.931”.

There is not a statement in the TIMP indicating that Confirmatory Direct Assessment (“CDA”) will not be utilized by UPE to extend the assessment intervals as defined in Table 3 of B31-8S. The TIMP must be amended to indicate that CDA will not be utilized to extend assessment intervals past 7 years.

NOA # 2015-A001-00080

CFR §192.945 titled: “What methods must an operator use to measure program effectiveness?” states in paragraph (a), “General. An operator must include in its integrity management program methods to measure whether the program is effective in assessing and evaluating the integrity of each covered pipeline segment and in protecting the high consequence areas. These measures must include the four overall performance measures specified in ASME/ANSI B31.8S (incorporated by reference, see § 192.7 of this part), section 9.4, and the specific measures for each identified threat specified in ASME/ANSI B31.8S, Appendix A. An operator must submit the four overall performance measures as part of the annual report required by § 191.17 of this subchapter”.

The TIMP must be modified to remove aerial patrols of the pipeline will be conducted as referenced in the Acceptable Threat Prevention and Repair Methods section located in Table 4 in Appendix A. As of 2012, aerial patrols are no longer being utilized as part of the Third Party Damage preventative and mitigative measures due to these being originally included with Peoples Gas aerial patrols. Peoples Gas was the previous operator of the UPE pipeline prior to USDI being contracted to operate and maintain the pipeline.

This letter serves as notice of inadequate procedures. A written response to this notice is requested by November 2, 2015. 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 December 31, 2015. Once the inadequacies identified herein have been addressed in your amended procedures, this

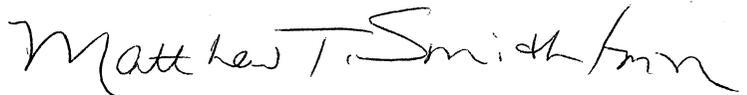
enforcement action will be closed. Any correspondence must include the Inspection Report Number as well as the corresponding NOA Number.

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 University Park Energy, LLC 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 James Watts at (217) 414-9609, or I may be contacted at (217) 785-1165.

Sincerely,

A handwritten signature in black ink that reads "Matthew T. Smith/mn". The signature is written in a cursive style with a horizontal line at the end.

Matthew T. Smith
Interim Manager - Pipeline Safety

MTS/mn