

Remarks of Donald M. Field
Pipeline Research & Development Forum
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Renaissance Hotel in Washington DC

Thank you for the opportunity to represent the LDC industry along with Peoples Energy.

The role of pipeline research must be addressed within the context of the business environment.

Business Environment (meeting the needs of a diverse constituency)

- ! Customers need relief from high and volatile gas prices; not increased cost of service
- ! Investors require stability of earnings & dividends and greater transparency of financial reporting
- ! Employees need relief from the impact of growing health care & pension cost
- ! Regulators expect compliance with existing and future regulation

AGA 2003 Infrastructure and Operations Research Priorities

Collaborative research needs to ensure the continued safe, secure, reliable and efficient use and delivery of natural gas.

- ! Improved Gas System Security, Reliability and Integrity
 - ! Underground Facility Location and Excavation Damage Protection
 - ! Direct Assessment
 - ! Enhanced Security Technologies
 - ! Pipeline Integrity Management and System Operation
 - ! Gas Leak Detection and Survey
- ! Improved Delivery Efficiency
 - ! No-Dig Technologies
 - ! Innovative Excavation & Restoration Systems
 - ! Plastic Pipe Technology

Research's Impact on Peoples Energy over Past Ten Years

- ! Applications
 - ! Advancements in Key-Hole Technology
 - ! Use of Anaerobic Sealant (replacing external encapsulant of CI joints)
 - ! Horizontal Directional Drilling
 - ! Optical Methane Detector
 - ! Clock Spring Repair

- ! Impact (over five year period - 1996 to 2001)
 - ! O&M expenses reduced by 30% plus the effect of inflation
 - ! Headcount reduced by 25% without use of outsourcing
 - ! Lost time and recordable injury rates decreased by 75%

Future Research that can Impact Peoples Energy's Operations

- ! Cost-effective direct assessment
- ! Obstacle detection for horizontal directional drilling
- ! Internal repair robot for CI joint repair
- ! Hand-held optical methane detector
- ! Pavement coring and restoration
- ! Ground penetrating radar

Challenges for Future National Research Agenda regarding Pipeline Safety

- ! Expectations regarding Funding Responsibility
 - ! Ratepayer - will fund if the result is a lower gas bill
 - ! Investor - will fund if the result is greater earnings returned to shareholder
 - ! Federal government - will fund if industry matching dollars are invested
- ! Outcomes Desired by Private Industry
 - ! Allows for reallocation of scarce resources to highest need of multiple constituencies
 - ! Lower cost compliance with existing regulations
 - ! Cost effective compliance with new regulations
 - ! Greater use of automated tools and less manpower intensity of required tasks and activities