

NATURE OF THE ACTION

1. AGL Resources, the largest natural gas-only distribution company in the United States, owns thousands of miles of underground pipeline for transporting natural gas, including thousands of miles of pipeline in Georgia. Founded in 1856, AGL has been at the forefront of providing safe and environmentally friendly natural gas throughout the United States, serving the energy needs of millions of households and businesses. AGL has been a great steward for both the rate payers and the public.

2. AGL's Eastside Pipeline Project (the "Project") was an effort to replace 27 miles of buried pipe that runs through suburban Atlanta neighborhoods from Clayton County, through Fulton County, to a connection point in DeKalb County. To ensure the safety and integrity of the new pipe, AGL hired some of the foremost experts in the field, including Defendants, to engineer, construct, oversee, and inspect the work on the Project. Some of these self-proclaimed experts failed to fulfill their duties in a dramatic way.

3. Before gas had ever been introduced to the new pipeline, AGL discovered that large portions of the pipeline had suffered extensive external corrosion damage. Unbeknownst to AGL, the pipeline design and installation had been defective in several respects. The coating that was supposed to protect the

pipeline from external corrosion had been damaged during the pipeline's installation. Further, the design of the new pipeline failed to account for stray electrical current from the pipeline that was being replaced, which lay in the same corridor and in close proximity to the new pipeline. The electrical current from the old pipeline – which was not accounted for in the design of the new pipeline – accelerated the electrochemical corrosion of the new pipeline. The corrosion was so pervasive that several thousand feet of the new pipeline had to be replaced.

4. The extensive corrosion of the new pipeline would not have occurred but for the failure of Defendants to honor their contractual obligations and/or to meet their duties at law to conform to applicable standards of care.

5. As a result of Defendants' respective failures to meet their commitments at law and under contract, AGL excavated and replaced over 7,000 feet of corroded pipe. While the pipeline is now in service, AGL has suffered millions of dollars of damages, and now seeks to recover its losses in this action.

PARTIES, JURISDICTION AND VENUE

6. Plaintiff AGL Resources is a Georgia corporation that maintains its principal place of business in Atlanta, Fulton County, Georgia.

7. Plaintiff AGLSC is a Georgia corporation that maintains its principal place of business in Atlanta, Fulton County, Georgia. AGLSC is a wholly-owned subsidiary of AGL Resources.

8. Plaintiff AGLC is a Georgia corporation that maintains its principal place of business in Atlanta, Fulton County, Georgia. AGLC is a wholly-owned subsidiary of AGL Resources.

9. Defendant URS is a Nevada corporation that maintains its principal place of business in San Francisco, California. URS may be served with process by delivering a copy of the summons and Complaint to its registered agent CT Corporation System, 1201 Peachtree Street, NE, Atlanta, Georgia 30361.

10. Defendant Corpro is an Ohio corporation that maintains its principal place of business in Chesterfield, Missouri. Corpro may be served with process by delivering a copy of the summons and Complaint to its registered agent Corporation Service Company, 40 Technology Parkway South, Suite 300, Norcross, Georgia 30092.

11. Defendant Magnolia is an Alabama corporation that maintains its principal place of business in Harselle, Alabama. Magnolia may be served with process by delivering a copy of the summons and Complaint to its registered agent

Corporation Service Company, 40 Technology Parkway South, Suite 300, Norcross, Georgia 30092.

12. Defendant Double M is a Florida corporation that maintains its principal place of business in Abbeville, Louisiana. Double M may be served with process by delivering a copy of the summons and Complaint to its registered agent John Mark Vanderwater, 32 Mill Wheel Court, Newnan, Georgia 30265.

13. This Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. § 1332 because there is complete diversity of citizenship between Plaintiffs, citizens of Georgia, and Defendants, each incorporated and having a principal place of business in states other than Georgia, and because the amount in controversy exceeds \$75,000, exclusive of interest and costs.

14. This Court has personal jurisdiction over all Defendants with respect to the claims set forth in the Complaint because (1) each can be served with process through an agent located in Georgia or pursuant to Georgia's "long arm statute"; (2) each has contractually consented to this Court's jurisdiction; and (3) each has sufficient contacts with Georgia such that jurisdiction over each comports with due process.

15. Venue is proper in this District pursuant to 28 U.S.C. § 1391(a) because a substantial part of the events or omissions giving rise to the claim occurred in this District and pursuant to Defendants' consent.

FACTUAL ALLEGATIONS

Background

16. AGL Resources and its subsidiaries provide reliable, safe, and clean energy to 1.5 million customers throughout Georgia. They operate and maintain gas pipelines, read meters, maintain the natural gas infrastructure, and distribute gas sold through certified marketers to end-users.

17. AGL's Eastside Pipeline Project was an effort to replace approximately 27 miles of old pipe, installed in the early 1950s, with new 24-inch diameter coated steel transmission pipelines. These pipelines run underground from AGL's Riverdale liquefied natural gas facility in Clayton County to a connection point in AGL's transmission system.

18. Unprotected, buried metal pipes naturally corrode as the metal reacts electrochemically with its environment. Stray electrical current (or "interference") may exacerbate and accelerate the natural corrosion process. Standard practices in the industry to protect against this natural corrosion process include (1) coating the exterior of the pipe with a synthetic coating; (2) installing temporary and

permanent cathodic protection systems; and (3) constantly monitoring the pipe for stray current interference.

19. Cathodic protection systems protect the pipeline from stray electrical currents by intentionally impressing electrical current on the pipeline that is then conducted away from the pipeline in a controlled manner such that the pipeline is not damaged. The Eastside Pipeline should have been protected from external corrosion by an undamaged fusion bonded epoxy coating and a cathodic protection system.

20. Each of the Defendants was responsible for ensuring that either the pipeline coating or the cathodic protection system would be designed or installed in a manner that would protect against electrochemical corrosion.

URS

21. URS bills itself as “a leading provider of engineering, construction and technical services for public agencies and private sector companies worldwide.” Among its “areas of specialization” is pipeline construction.

22. Pursuant to a Master Services Agreement and two Statements of Work (A-1 and A-4), each effective as of November 15, 2010, AGL¹ hired URS to

¹ AGLSC is the signatory to the contracts with URS, but AGLSC is defined to include any entity “controlled by AGL Resources, Inc.” or “under common control with AGL Services Company.” Thus, URS’s duties under the contracts run to AGL Resources and AGLC as well as AGLSC.

provide engineering and design services for the Project and to oversee the construction, installation, and inspection of the new pipeline, including its cathodic protection system.

23. URS warranted, among other things, that it would perform its services “with the highest standard of care, skill and diligence expected of recognized professionals performing services of a similar type and nature, but in no event less than a reasonable standard of care.” Further, while URS was permitted to utilize subcontractors in the performance of its services, URS remained “liable for all responsibilities and obligations of [URS] under the terms of this Agreement, even if some of such responsibilities and obligations are performed by its subcontractors.”

24. Pursuant to Statement of Work A-1, URS was responsible “for the detailed design” of the Project, including “the design of all cathodic protection ... required for [the] Project.” Among other things, URS agreed to review and comply with AGL’s requirements set forth in its Operations Procedures Manual (“OPM”), which required metallic pipe to be cathodically protected and for the design of such a system to account for the presence of stray electrical current. Further, the OPM required buried pipeline to be “electrically isolated” from other underground

structures “unless the pipeline and the other structures are electrically interconnected and cathodically protected as a single unit.”

25. Pursuant to Statement of Work A-4, URS agreed to oversee construction, installation, and testing activities related to cathodic protection and alternating current mitigation systems. URS was to provide “certified and trained” inspectors to visually inspect the work performed on these systems, test the systems as specified in the Statement of Work, and ultimately determine whether the systems were installed and functioning as intended and in accordance with the design.

26. URS agreed to indemnify and hold AGL harmless from and against any damages, expenses, and costs incurred by AGL “that arise out of or relate to the negligence [or] breach of contract . . . of [URS] or its . . . subcontractors . . .”

Corrpro

27. Corrpro bills itself as “a leading provider of cathodic protection systems” and “the complete pipeline integrity and corrosion control source for all pipeline systems and operators.”

28. URS subcontracted with Corrpro to design and inspect the alternating current interference mitigation and cathodic protection systems for the Project

pursuant to a Master Subcontract for Services and two Work Authorizations, each effective as of December 14, 2011.

29. Corpro agreed to provide its services “in a manner consistent with that level of care and skill ordinarily exercised by members of [Corpro’s] profession practicing under similar circumstances.”

30. As part of its responsibilities to design a cathodic protection system, Corpro agreed, among other things, to “[i]dentify foreign metallic pipelines in close proximity to the proposed . . . pipeline route;” “determine the existence and proximity of foreign impressed current cathodic protection systems on the foreign pipelines;” “[u]se the information collected to anticipate the need for foreign pipeline interference mitigation on the [new] pipeline;” and “identify fundamental requirements for impressed current cathodic protection systems, cathodic protection test stations, foreign pipeline interference bonds, locations for electrical isolation flanges, and any other cathodic protection system requirements.”

31. Corpro also agreed to inspect the installation of the alternating current mitigation and cathodic protection systems. Specifically, Corpro agreed to

provide a NACE [National Association of Corrosion Engineers] certified corrosion engineer with familiarity with AC mitigation and cathodic systems. The engineer will remain on-site during the duration of the installation and will be responsible for demonstrating the correct, specific means of system installation. The technical

oversight will consist of technical assistance and inspection to ensure proper installation of the materials. While on-site, the engineer may also perform additional testing and troubleshooting as noted under separate cover.

32. Corpro agreed to indemnify and hold AGL harmless against any and all damages, costs, and expenses arising out of Corpro's performance of its services.

Magnolia

33. AGL² retained Magnolia to serve as the "Owner Engineer" on the Project pursuant to a Master Services Agreement effective as of June 28, 2010 and a Statement of Work effective as of June 23, 2010.

34. Magnolia warranted, among other things, that it would perform its services "with the highest standard of care, skill and diligence expected of recognized professionals performing services of a similar type and nature, but in no event less than a reasonable standard of care."

35. As the Owner Engineer, Magnolia was obligated to "at all times represent the interests of [AGL] as it relates to the successful completion of the Project." Among other specific responsibilities, Magnolia was responsible for "developing the technical specifications and creating the scope of work for the

² AGLSC is the signatory to the contracts with Magnolia, but AGLSC is defined to include any entity "controlled by AGL Resources, Inc." or "under common control with AGL Services Company." Thus, Magnolia's duties under the contracts run to AGL Resources and AGLC as well as AGLSC.

detailed engineering design of the pipeline and associated pipeline facilities” and “review[ing] the technical aspects of all engineering and survey design drawings.” Further, Magnolia was to provide “consulting expertise, as necessary, for the successful engineering, construction and start up of the pipeline.”

36. Magnolia also agreed to “comply and conform” to the OPM, including the requirements described above in paragraph 24.

37. Magnolia agreed to indemnify and hold AGL harmless from and against any damages, costs, and expenses incurred by AGL that arise out of or relate to Magnolia’s services.

Double M

38. AGL³ hired Double M to provide construction inspection services pursuant to a Master Services Agreement effective June 7, 2010, Statement of Work A-1 effective as of June 7, 2010, and Statement of Work A-5 effective as of September 17, 2012.

39. Double M warranted, among other things, that it would perform its services “with the highest standard of care, skill and diligence expected of

³ AGLSC is the signatory to the contracts with Double M, but AGLSC is defined to include any entity “controlled by AGL Resources, Inc.” or “under common control with AGL Services Company.” Thus, Double M’s duties under the contracts run to AGL Resources and AGLC as well as AGLSC.

recognized professionals performing services of a similar type and nature, but in no event less than a reasonable standard of care.”

40. Pursuant to Statement of Work A-1, Double M was responsible for inspecting the surface of all pipes for defects that could affect their serviceability.

41. Pursuant to Statement of Work A-5, Double M was responsible for, among other things, visually inspecting all construction work being performed by other contractors and reporting to AGL any failure to meet AGL’s specifications and visually inspecting all supplied materials for damage before installation.

42. Further, Double M’s Chief, Assistant Chief, and/or General Inspector had specific duties and responsibilities which required that they:

Diligently and continuously oversee the daily construction activities of individual segments of the Pipeline to verify the schedule is met and the Project is constructed as designed. . . .Oversee [AGL’s] interests related to [AGL’s] various construction contractors working on the Project, including auditing such construction contractors as necessary. . . . Complete and submit daily inspection forms including but not limited to safety inspection forms . . . coating inspection forms (pipe coating, joint coating, jeep calibration and inspection, etc.), trenching and backfill inspection forms, and other construction inspection forms as requested by [AGL]. [Double M] shall be present and shall witness all lowering of pipe to verify adequate depth, proper padding, pipe is properly supported, and pipe is not damaged or appears to be overstressed during installation. Witness all [horizontal direction drilling (“HDD”)] “pull-throughs” to verify that pipe is properly supported, not overstressed, that the coating is protected, and the as-built information is recorded.

43. Double M’s inspectors were required to inspect conditions before backfills and HDD:

Prior to ALL backfills, HDD pull throughs, or jack and bores [Double M] shall perform the following:

- (1) Visually inspect pipe for noticeable defects to pipe coating;
- (2) Visually inspect pipe for gouges, dents, or other imperfections;
- (3) Verify all pipe is “jeeped” and holidays properly repaired prior to lowering in trench or pulled back thru the HDD path;
- (4) Once cured, [Double M] shall verify that all field applied pipe coating meets AGL mill thickness and manufacturer’s hardness specifications;
- (5) Coordinate with [AGL’s] third party survey crews to verify proper as-build information is recorded;
- (6) Verify that proper padding exists around pipe;
- (7) Verify that pipe is rigged and lowered into trench without damage to pipe or coating. . . .

After ALL HDD’s [Double M] shall perform the following:

- (1) Verify that pipe coating was not damaged during pull through activity.

44. Pursuant to the design specifications for the Project, Double M inspectors were required to ensure that the backfill to be utilized within twelve inches of the pipeline did not contain rocks.

45. Double M also agreed to “comply and conform” to the OPM, including the requirements described above in paragraph 24, “and use the Manuals

as a reference for inspecting installations to verify [AGL's] other contractors' compliance with the Manuals and design specifications." Double M agreed to indemnify and hold AGL harmless from and against any damages, costs, and expenses incurred by AGL that arise out of or relate to Double M's services.

Construction and Discovery of Corrosion in Segment 1

46. The Project was divided into five segments. On October 13, 2012, AGL's contractors began construction on Segment 1, and construction of that segment was completed on December 17, 2012.

47. Just six months later, on July 6, 2013, when a portion of Segment 1 was exposed for unrelated reasons, AGL discovered that the pipe had already corroded substantially. Investigation revealed that there was a significant number of corrosion pits scattered along the exterior of the pipeline in Segments 1 and 4.

48. Due to the condition of the pipe, AGL removed and replaced over 7,377 feet of pipeline in Segment 1 and 335 feet of pipeline in Segment 4, at significant cost to AGL.

Defendants' Responsibility and AGL's Damages

49. AGL's investigation into what caused the accelerated corrosion of the brand-new pipe has revealed that each of the Defendants bears responsibility, in whole or in part:

a. Defendants URS and Corrpro were responsible for the design of the cathodic protection system of the pipeline. As URS and Corrpro were aware, the new pipeline was being laid in close proximity to the old pipeline, which was itself fitted with a cathodic protection system that emitted electrical current. URS's and Corrpro's design did not account for the electrical interference from the old pipeline, which it could easily have done by electrically connecting the two pipelines (or "bonding over") and making the two pipelines cathodically protected as a single unit until the old pipeline was retired. Leaving the new pipeline unprotected alongside the old pipeline effectively made the new pipeline a "sacrificial anode" for the old pipeline, leading to the excessive corrosion.

b. Defendant Magnolia was responsible for reviewing the engineering designs and should have identified URS's and Corrpro's failure to account for the presence of the cathodically protected old pipeline and to provide for adequate cathodic protection of the new pipeline.

c. Defendant Double M was responsible for inspecting the construction methods and materials used for the Project, including the backfill used to bury the pipeline and the pipe coating itself, to ensure that the pipeline construction was completed in accordance with AGL's policies and procedures and the design specifications.

50. As a result of Defendants' respective failures to meet their obligations (pursuant to contract and/or at law), AGL has suffered extensive damages in an amount to be proven at trial.

CLAIMS FOR RELIEF

Count I – Breach of Contract (URS)

51. AGL incorporates each and every allegation made in paragraphs 1-50 above, as if fully set forth herein.

52. AGL entered into contracts with URS, including the Master Services Agreement, Statement of Work A-1, and Statement of Work A-4, whereby URS agreed to provide engineering and design services to AGL with respect to the Project.

53. The URS contracts are valid and enforceable contracts. AGL has fully performed its contractual obligations to URS.

54. URS breached its obligations to AGL by, among other things:
- a. failing to design an effective cathodic protection system for the new pipeline;
 - b. failing to account in its design for the presence of the old pipeline with its active cathodic protection system;

- c. failing to design the new pipeline so that it was isolated electrically from the old pipeline;
- d. failing to inspect and test the new pipeline to ensure that it was not being subjected to stray current interference; and
- e. failing to comply with AGL's specifications and applicable regulations, codes, standards and best practices regarding cathodic protection and electrical interference.

55. Pursuant to the terms of the Master Services Agreement, URS is also liable for the negligence and breach of warranty of its subcontractor Corpro, as described below and incorporated herein by reference.

56. As a direct and proximate result of URS's breaches of contract, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by URS's conduct and has suffered damages in an amount to be proven at trial.

Count II – Breach of Warranties (URS)

57. AGL incorporates each and every allegation made in paragraphs 1-56 above, as if fully set forth herein.

58. URS expressly warranted that it would perform its services "with the highest standard of care, skill and diligence expected of recognized professionals

performing services of a similar type and nature;” would use only “appropriately skilled and experienced employees;” and would provide work product “free from defects in design, materials and workmanship.”

59. URS impliedly warranted that it would perform its services for AGL in a fit and workmanlike manner.

60. URS breached express and implied warranties by, among other things:
- a. failing to design an effective cathodic protection system for the new pipeline;
 - b. failing to account in its design for the presence of the old pipeline with its active cathodic protection system;
 - c. failing to design the new pipeline so that it was isolated electrically from the old pipeline;
 - d. failing to inspect and test the new pipeline to ensure that it was not being subjected to stray current interference;
 - e. failing to comply with AGL specifications and applicable regulations, codes, standards and best practices regarding cathodic protection and electrical interference; and
 - f. failing to use appropriately skilled and experienced employees to inspect and test the pipeline.

61. As a direct and proximate result of URS's breaches of warranties, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by URS's conduct and has suffered damages in an amount to be proven at trial.

Count III – Negligence (URS)

62. AGL incorporates each and every allegation made in paragraphs 1-61 above, as if fully set forth herein.

63. In providing professional services to AGL, URS owed AGL a duty to use the degree of care and skill ordinarily employed by and required of the engineering profession under similar conditions and like surrounding circumstances (the "standard of care").

64. AGL was entitled to expect and in fact did expect that URS's services would be performed consistent with the standard of care.

65. URS breached the standard of care by, among other things:

- a. failing to design an effective cathodic protection system for the new pipeline;
- b. failing to account in its design for the presence of the old pipeline with its active cathodic protection system;

- c. failing to design the new pipeline so that it was isolated electrically from the old pipeline;
- d. failing to inspect and test the new pipeline to ensure that it was not being subjected to stray current interference;
- e. failing to comply with AGL specifications and applicable regulations, codes, standards and best practices regarding cathodic protection and electrical interference;
- f. failing to supervise its subcontractor Corrpro to ensure that the work performed by Corrpro was performed skillfully, carefully, diligently, and in a workmanlike manner; and
- g. failing to use appropriately trained, skilled, and experienced employees to inspect and test the pipeline.

66. With respect to these and other acts and omissions, URS failed even to exercise slight diligence – the degree of care that every man of common sense, however inattentive he may be, would exercise under the same or similar circumstances. Accordingly, URS was grossly negligent.

67. As a direct and proximate result of URS's negligence and gross negligence, AGL has incurred economic and consequential damages. Accordingly,

AGL has been injured by URS's conduct and has suffered damages in an amount to be proven at trial.

Count IV – Breach of Agreement to Indemnify (URS)

68. AGL incorporates each and every allegation made in paragraphs 1-67 above, as if fully set forth herein.

69. URS agreed to indemnify AGL against any damages, costs, and expenses, including without limitation reasonable attorneys' fees, incurred by AGL that arise out of or relate to the negligence or breach of contract of URS or its subcontractors.

70. As set forth herein, AGL has suffered damages and expenses, including attorney's fees, that arise out of or relate to the breach of contract or negligence of URS or its subcontractor Corrpro. AGL demanded that URS indemnify AGL for these losses, but URS has failed to do so, further breaching its agreement with AGL.

Count V – Negligence (Corrpro)

71. AGL incorporates each and every allegation made in paragraphs 1-70 above, as if fully set forth herein.

72. In providing its services on the Project, Corrpro owed AGL a duty not to subject AGL's property to an unreasonable risk of harm. It was foreseeable that

if Corrpro failed to exercise the degree of care and skill ordinarily employed by professionals under similar conditions and like surrounding circumstances, and to perform its services reasonably and without neglect, AGL would be injured and suffer damages.

73. AGL was entitled to expect and in fact did expect that Corrpro's services would be performed consistent with the standard of care.

74. Corrpro failed to exercise reasonable care by, among other things:

- a. failing to design effective cathodic protection for the new pipeline;
- b. failing to account in its design for the presence of the old pipeline with its active cathodic protection system;
- c. failing to design the new pipeline so that it was isolated electrically from the old pipeline;
- d. failing to inspect and test the new pipeline to ensure that it was not being subjected to stray current interference;
- e. failing to comply with AGL specifications and applicable regulations, codes, standards and best practices regarding cathodic protection and electrical interference; and

- f. failing to use appropriately trained, skilled, and experienced employees to inspect and test the pipeline.

75. With respect to these and other acts and omissions, Corrpro failed to exercise even slight diligence – the degree of care that every man of common sense, however inattentive he may be, would exercise under the same or similar circumstances. Accordingly, Corrpro was grossly negligent.

76. As a direct and proximate result of Corrpro’s negligence and gross negligence, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Corrpro’s conduct and has suffered damages in an amount to be proven at trial.

Count VI – Breach of Agreement to Indemnify (Corrpro)

77. AGL incorporates each and every allegation made in paragraphs 1-76 above, as if fully set forth herein.

78. Corrpro agreed to indemnify AGL against any damages, costs, and expenses, including without limitation reasonable attorneys’ fees, incurred by AGL that arise out of Corrpro’s performance of its services. With respect to Corrpro’s agreement to indemnify AGL, AGL is an intended third-party beneficiary of the contract between URS and Corrpro.

79. As set forth herein, AGL has suffered damages and expenses that arise out of Corrpro's performance of its services. As a result, AGL seeks contractual indemnity from Corrpro for all of its losses, including attorneys' fees.

80. As set forth herein, AGL has suffered damages and expenses, including attorney's fees, that arise out of Corrpro's performance of its services. AGL demanded that Corrpro indemnify AGL for these losses, but Corrpro has failed to do so, thereby breaching its agreement with URS of which AGL is an intended third-party beneficiary.

Count VII – Breach of Contract (Magnolia)

81. AGL incorporates each and every allegation made in paragraphs 1-80 above, as if fully set forth herein.

82. AGL entered into contracts with Magnolia, including the Master Services Agreement and Statement of Work, whereby Magnolia agreed to serve as AGL's "Owner Engineer" on the Project.

83. The Magnolia contracts are valid and enforceable contracts. AGL has fully performed its contractual obligations to Magnolia.

84. Magnolia breached its contractual obligations to AGL by, among other things:

- a. failing to ensure that URS and/or Corrpro designed an effective cathodic protection system for the new pipeline;
- b. failing to ensure that URS and/or Corrpro accounted in their design for the presence of the old pipeline with its active cathodic protection system;
- c. failing to ensure that URS and/or Corrpro designed the new pipeline so that it was isolated electrically from the old pipeline; and
- d. failing to ensure that AGL's contractors complied with AGL's specifications and applicable regulations, codes, standards and best practices regarding cathodic protection and electrical interference.

85. As a direct and proximate result of Magnolia's breaches of contract, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Magnolia's conduct and has suffered damages in an amount to be proven at trial.

Count VIII – Breach of Warranties (Magnolia)

86. AGL incorporates each and every allegation made in paragraphs 1-85 above, as if fully set forth herein.

87. Magnolia expressly warranted that it would perform its services “with the highest standard of care, skill and diligence expected of recognized professionals performing services of a similar type and nature” and would provide work product “free from defects in design, materials and workmanship.”

88. Magnolia impliedly warranted that it would perform its services for AGL in a fit and workmanlike manner.

89. Magnolia breached express and implied warranties by, among other things:

- a. failing to ensure that URS and/or Corrpro designed an effective cathodic protection system for the new pipeline;
- b. failing to ensure that URS and/or Corrpro accounted in their design for the presence of the old pipeline with its active cathodic protection system;
- c. failing to ensure that URS and/or Corrpro designed the new pipeline so that it was isolated electrically from the old pipeline; and
- d. failing to ensure that AGL’s contractors complied with AGL’s specifications and applicable regulations, codes, standards and

best practices regarding cathodic protection and electrical interference.

90. As a direct and proximate result of Magnolia's breaches of warranties, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Magnolia's conduct and has suffered damages in an amount to be proven at trial.

Count IX – Negligence (Magnolia)

91. AGL incorporates each and every allegation made in paragraphs 1-90 above, as if fully set forth herein.

92. In providing professional services to AGL, Magnolia owed AGL a duty to use the degree of care and skill ordinarily employed by and required of the engineering profession under similar conditions and like surrounding circumstances (the "standard of care").

93. AGL was entitled to expect and in fact did expect that Magnolia's services would be performed consistent with the standard of care.

94. Magnolia breached the standard of care by, among other things:
- a. failing to ensure that URS and/or Corpro designed an effective cathodic protection system for the new pipeline;

- b. failing to ensure that URS and/or Corrpro accounted in their design for the presence of the old pipeline with its active cathodic protection system;
- c. failing to ensure that URS and/or Corrpro designed the new pipeline so that it was isolated electrically from the old pipeline; and
- d. failing to ensure that AGL's contractors complied with AGL's specifications regarding cathodic protection and electrical interference.

95. As a direct and proximate result of Magnolia's negligence, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Magnolia's conduct and has suffered damages in an amount to be proven at trial.

Count X – Breach of Agreement to Indemnify (Magnolia)

96. AGL incorporates each and every allegation made in paragraphs 1-95 above, as if fully set forth herein.

97. Magnolia agreed to indemnify AGL against any damages, costs, and expenses, including without limitation reasonable attorneys' fees, incurred by AGL that arise out of or relate to Magnolia's services.

98. As set forth herein, AGL has suffered damages and expenses, including attorney's fees, that arise out of Magnolia's performance of its services. AGL demanded that Magnolia indemnify AGL for these losses, but Magnolia has failed to do so, thereby further breaching its agreement with AGL.

Count XI – Breach of Contract (Double M)

99. AGL incorporates each and every allegation made in paragraphs 1-98 above, as if fully set forth herein.

100. AGL entered into contracts with Double M, including the Master Services Agreement and Statements of Work, whereby Double M agreed to provide inspection services to AGL in connection with the Project.

101. The Double M contracts are valid and enforceable contracts. AGL has fully performed its contractual obligations to Double M.

102. Double M breached its contractual obligations to AGL by, among other things:

- a. failing to adequately inspect the construction of the pipeline to ensure that the pipe, and/or its coating, were not damaged during construction; and
- b. failing to ensure that AGL's other contractors complied with AGL's construction specifications.

103. As a direct and proximate result of Double M's breaches of contract, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Double M's conduct and has suffered damages in an amount to be proven at trial.

Count XII – Breach of Warranties (Double M)

104. AGL incorporates each and every allegation made in paragraphs 1-103 above, as if fully set forth herein.

105. Double M expressly warranted that it would perform its services “with the highest standard of care, skill and diligence expected of recognized professionals performing services of a similar type and nature” and would provide work product “free from defects in design, materials and workmanship.”

106. Double M impliedly warranted that it would perform its services for AGL in a fit and workmanlike manner.

107. Double M breached express and implied warranties by, among other things:

- a. failing to adequately inspect the construction of the pipeline to ensure that the pipe, and/or its coating, were not damaged during construction; and

- b. failing to ensure that AGL's other contractors complied with AGL's construction specifications.

108. As a direct and proximate result of Double M's breaches of warranties, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Double M's conduct and has suffered damages in an amount to be proven at trial.

Count XIII – Negligence (Double M)

109. AGL incorporates each and every allegation made in paragraphs 1-108 above, as if fully set forth herein.

110. In providing AGL professional services, Double M owed AGL a duty to use the degree of care and skill ordinarily employed by and required of the engineering profession under similar conditions and like surrounding circumstances (the "standard of care").

111. AGL was entitled to expect and in fact did expect that Double M's services would be performed consistent with the standard of care.

112. Double M breached the standard of care by, among other things:

- a. failing to adequately inspect the construction of the pipeline to ensure that the pipe, and/or its coating, were not damaged during construction; and

- b. failing to ensure that AGL's other contractors complied with AGL's construction specifications.

113. As a direct and proximate result of Double M's negligence, AGL has incurred economic and consequential damages. Accordingly, AGL has been injured by Double M's conduct and has suffered damages in an amount to be proven at trial.

Count XIV –Indemnity (Double M)

114. AGL incorporates each and every allegation made in paragraphs 1-113 above, as if fully set forth herein.

115. Double M agreed to indemnify AGL against any damages, costs, and expenses, including without limitation reasonable attorneys' fees, incurred by AGL that arise out of or relate to Double M's services.

116. As set forth herein, AGL has suffered damages and expenses that arise out of Double M's performance of its services. As a result, AGL seeks contractual indemnity from Double M for all of its losses, including attorneys' fees.

DEMAND FOR JURY TRIAL

117. AGL demands a trial by jury on all issues so triable as a matter of right and law.

PRAYER FOR RELIEF

WHEREFORE, AGL respectfully prays that:

The Court enter judgment against Defendants for actual damages (including, but not limited to, reparation costs, lost profits, and direct and consequential damages) as will be proven at trial and are within the jurisdictional limits of the Court, as well as reasonable attorney's fees;

The Court grant AGL costs of litigation; and

The Court grant AGL such other and further relief as it deems just and appropriate.

Respectfully submitted,

KING & SPALDING LLP

/s/ John P. Brumbaugh

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**Pro Hac Vice* Application
forthcoming

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