

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
CONSUMERS POWER COMPANY for a waiver )  
of compliance with Rule 619(1)(c) )  
and Rule 557(1)(a) and (2) of the )  
Michigan Gas Safety Code. )

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Case No. U-4429

At a session of the Michigan Public Service Commission held at its offices in the city of Lansing, Michigan, on the 10th day of December, 1973.

PRESENT: Hon. William G. Rosenberg, Chairman  
Hon. Lenton G. Sculthorp, Commissioner  
Hon. William R. Ralls, Commissioner

MICHIGAN GAS SAFETY CODE  
WAIVER OF COMPLIANCE ORDER

On September 24, 1973, Consumers Power Company (Applicant) filed an application in the above matter. On October 16, 1973, Applicant filed a revised application requesting a waiver of compliance with the requirements of Rule 619(1)(c) and Rule 557(1)(a) and (2) of the Michigan Gas Safety Code (Code).

After due notice, a public hearing was held on November 6, 1973. Appearances were made on behalf of Applicant and the Commission Staff (Staff). No one appeared in opposition to the request.

Applicant presented testimony and exhibits showing that approximately 11,000 miles of its gas distribution system, in various locations, all of which were installed in the period from January 1, 1955 to July 1, 1965 and were originally designed for a maximum operating pressure of 60 psig, have been operated for years at a pressure of

50 psig or less. Rule 619(1)(c) of the Code limits the maximum allowable operating pressure (MAOP) of a pipeline to the highest actual operating pressure to which it was subjected during the 5 years preceding July 1, 1970, unless it was tested for a higher MAOP after July 1, 1965. Rule 557(1)(a) and (2) of the Code requires "uprating" of a pipeline before said pipeline may be operated at a pressure higher than the highest actual operating pressure to which it was subjected during the 5 years preceding July 1, 1970.

Strict compliance with Rule 619(1)(c) would require Applicant to uprate this 11,000 miles of distribution system in accordance with Rule 557(1)(a) and (2) before the pipeline system could be subjected to a higher operating pressure than the historically highest pressure within each segment. Applicant is currently operating its distribution system under a waiver of compliance order issued by the Commission on December 6, 1971, which permitted Applicant to sustain the set points on its distribution system overpressure protection devices while engaged in an orderly 5-year plan of uprating the maximum allowable operating pressure to 60 psig. The effective date of that waiver (Case No. U-3989) was February 6, 1972. Additional exhibits and testimony documented Applicant's experience and results of this uprating plan to date.

Applicant demonstrated that the granting of the requested waiver of compliance would not have an adverse impact on gas pipeline safety for the reasons that:

1. All segments of its distribution system installed between January 1, 1955 and July 1, 1965 were designed in accordance with standards effectively meeting all requirements of the Code.
2. All distribution mains in this portion of its system were designed for a maximum operating pressure of 60 psig and were tested at the time of installation to 100 psig.
3. All steel pipe in said portion of its system was coated and wrapped and has

been operated under continuous cathodic protection since installation.

4. The methods of welding or joining the pipe in said portion of its system fully comply with applicable provisions of the Code.

5. An increase in the operating pressure of this portion of its distribution system to 60 psig would have an insignificant effect upon the specified minimum yield strength (SMYS) of the pipe.

6. Its experience to date with uprating similar segments of its system shows that the leakage rate is approximately the same at the design pressure of 60 psig as at the current lower operating pressure.

7. Applicant performs leakage surveys of its entire distribution system at frequencies which exceed the requirements of the Code.

8. Its distribution system integrity is such that to undertake wholesale uprating of said system would not result in increased safety to the public.

9. To undertake pressure limiting design modifications on said portion of its system in lieu of uprating would substantially reduce its capacity and impair its ability to serve the needs of its customers.

10. All pre-1955 segments of its gas distribution system would continue to be subject to the waiver of compliance order in Case No. U-3989 and be uprated in accordance with all provisions of the Code prior to being subjected to a higher operating pressure.

11. It will continue to operate its gas distribution system at operating pressures consistent with prudent system management and would not automatically or arbitrarily increase the pressure within this portion of its system to 60 psig upon waiver approval by the Commission.

The Staff presented testimony regarding the history of the current Code and of its findings and position with respect to the application for waiver of compliance. The specific background of Section 192.619(a)(3) of the Federal Minimum Safety Standards

was reviewed. The Staff believes that in the original discussions leading to the adoption of Part 192 in Title 49, Code of Federal Regulations, Section 192.1619(a)(3) was intended to apply only to pipelines operating at 20% or more of SMYS but, as written and finally published, the rule is applicable to all pipeline facilities. The Staff further stated that it had thoroughly studied Applicant's application for waiver of compliance, that it had observed many of Applicant's uprating projects during their execution and that a complete study had been performed relating to the various statistical summaries and conclusions submitted by Applicant. The Staff witness testified that the application, exhibits and testimony of Applicant provided adequate foundation for the waiver and, in his opinion, the waiver would not be inconsistent with gas pipeline safety and recommended that the waiver of compliance be granted.

The Commission FINDS that:

a. Jurisdiction is pursuant to Act 165, P.A. 1969, M.C.L.A. 483.151; Act 419, P.A. 1919, as amended, M.C.L.A. 460.51; Act 3, P.A. 1939, as amended, M.C.L.A. 460.1; Act 306, P.A. 1969, as amended, M.C.L.A. 24.201; and the Commission's Rules of Practice and Procedure, 1954 Administrative Code, Supplement No. 54, R 460.11.

b. Section 3-e of the Federal Natural Gas Pipeline Safety Act of 1968 sets up procedures whereby the Commission can waive, in whole or in part, compliance with any standard established under that Act if the Commission determines that a waiver of compliance is not inconsistent with gas pipeline safety. Section 3-e further provides that any waiver granted by the Commission is subject to review by the Secretary of Transportation and the Commission must give the Secretary of Transportation at least 60 days' written notification prior to the effective date of the waiver.

c. Applicant's request for a waiver of compliance to Rule 619(1)(c) and Rule 557 (1)(a) and (2) of the Code for that portion of its gas distribution system installed between January 1, 1955 and July 1, 1965 is not inconsistent with gas pipeline safety since all of these facilities were initially designed and tested for 60 psig operating

pressures, have been operated under continuous cathodic protection, are coated and wrapped steel pipe or other approved material, were joined according to approved methods, and the operating and maintenance history of this portion of its system indicates good system integrity.

d. The public safety will not be adversely affected if waiver of compliance with Rule 619(1)(c) and Rule 557(1)(a) and (2) of the Code is granted for the 11,000 miles of gas distribution system installed between January 1, 1955 and July 1, 1965.

THEREFORE, IT IS ORDERED that:

A. Consumers Power Company is hereby granted a waiver of compliance with Rule 619(1)(c) and Rule 557(1)(a) and (2) of the Michigan Gas Safety Code for those segments of its gas distribution system which were installed between January 1, 1955 and July 1, 1965, in order for Applicant to establish a maximum allowable operating pressure of 60 psig on all portions within that segment of its system which were originally installed and tested to qualify for a design pressure of 60 psig.

B. Consumers Power Company shall continue to carry out an orderly 5-year plan of uprating that portion of its distribution system installed prior to January 1, 1955; which is subject to the waiver of compliance granted in Case No. U-3989.

C. Consumers Power Company shall continue to periodically inform the Commission of the results and progress of the uprating program granted in the waiver of compliance in Case No. U-3989.

D. Consumers Power Company shall in all other respects comply with the requirements of the Michigan Gas Safety Code, unless granted specific waivers.

E. The effective date of this waiver shall be February 18, 1974.

The Commission specifically reserves jurisdiction of the matters herein contained

and the authority to issue such further order or orders as the facts and circumstances may require.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ William G. Rosenberg  
Chairman

( S E A L )

/s/ Lenton G. Sculthorp  
Commissioner

/s/ William R. Ralls  
Commissioner

By the Commission and pursuant  
to its action of December 10, 1973.

/s/ Earl B. Klomprens  
Its Secretary