



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington DC 20590

2022 Gas State Program Evaluation

for

MICHIGAN PUBLIC SERVICE COMMISSION

Document Legend

PART:

- O -- Representative, Dates and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- State Qualifications
- D -- Program Performance
- E -- Field Inspections
- F -- Damage prevention and Annual report analysis
- G -- Interstate Agent/Agreement States



2022 Gas State Program Evaluation -- CY 2022

Gas

State Agency: Michigan

Agency Status:

Date of Visit: 08/08/2023 - 08/10/2023

Agency Representative: David Chislea, Director of Gas Safety & Operations Division - MPSC

PHMSA Representative: David Lykken, State Liaison, PHMSA-State Programs

Commission Chairman to whom follow up letter is to be sent:

Name/Title: Dan Scripps, Chairman

Agency: Michigan Public Service Commission

Address: 7109 W. Saginaw Highway

City/State/Zip: Lansing, MI 48917

Rating:

60105(a): Yes **60106(a):** No **Interstate Agent:** Yes

INSTRUCTIONS:

Complete this evaluation in accordance with the Evaluator Guidance for conducting state pipeline safety program evaluations. The evaluation should generally reflect state program performance during CY 2022 (not the status of performance at the time of the evaluation). A deficiency in any one part of a multiple-part question should be scored as "Needs Improvement." Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the appropriate notes/comments section. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and they OBJECTIVELY reflect the state's program performance for the question being evaluated. Increasing emphasis is being placed on how the state pipeline safety programs conduct and execute their pipeline safety responsibilities (their performance). This evaluation, together with selected factors reported in the state's annual progress report attachments, provide the basis for determining the state's pipeline safety grant allocation.

Scoring Summary

PARTS

Possible Points Points Scored

A	Progress Report and Program Documentation Review
B	Program Inspection Procedures
C	State Qualifications
D	Program Performance
E	Field Inspections
F	Damage prevention and Annual report analysis
G	Interstate Agent/Agreement States

0	0
15	15
10	10
50	46.5
15	15
10	10
0	0

TOTALS

100 96.5

State Rating

96.5

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- 1 Were the following Progress Report Items accurate? (*items not scored on progress report) Info Only Info Only

Info Only = No Points

- a. Stats On Operators Data - Progress Report Attachment 1
- b. State Inspection Activity Data - Progress Report Attachment 2
- c. List of Operators Data - Progress Report Attachment 3*
- d. Incidents/Accidents Data - Progress Report Attachment 4*
- e. Stats of Compliance Actions Data - Progress Report Attachment 5*
- f. List of Records Kept Data - Progress Report Attachment 6 *
- g. Staff and TQ Training Data - Progress Report Attachment 7
- h. Compliance with Federal Regulations Data - Progress Report Attachment 8
- i. Performance and Damage Prevention Question Data - Progress Report Attachment 10*

Evaluator Notes:

a & c) Operator/Inspection Unit totals on Attachment 1 are consistent with the Operator/Inspection Unit totals on Attachment 3 and Appendix E - 'Operator Unit Names' of the MPSC Gas Safety Procedures manual. b) No issues. SICT estimated day total was 814. Actual days 1117 d) 15 reportable incidents in CY2022 matches PDM. e) No issues. g) Information verified through T&Q Blackboard training site. Training for personnel found to be complete and accurate. h) The MPSC has not yet adopted the 3/1993 Maximum Civil Penalties amendment. Will try again during the 2023-2024 legislative session. Senate Bill 366 has been introduced for consideration during this upcoming session. Working to adopt 3/12/2021, 5/16/2022, and 10/5/2022 amendments.

PR scoring 46 of 50 possible.

Total points scored for this section: 0
Total possible points for this section: 0



PART B - Program Inspection Procedures

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Do written procedures address pre-inspection, inspection and post inspection activities for each of the following inspection types: Chapter 5.1
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
| | <ul style="list-style-type: none">a. Standard Inspections, which include Drug/Alcohol, CRM and Public Awareness Effectiveness Inspectionsb. TIMP and DIMP Inspections (reviewing largest operator(s) plans annually)c. OQ Inspectionsd. Damage Prevention Inspectionse. On-Site Operator Trainingf. Construction Inspections (annual efforts)g. LNG Inspections | | |

Evaluator Notes:

MPSC Gas Safety Procedures Rev 10.1.1 (9.26.2022)

Section 2 - Inspections

Pre-inspection activities (Section 2.10 Pg 20)

Inspection Activities:

a. Section 2.11.1(General Code Compliance) PG 22

b. Section 2.11.4 PG 24

c. Section 2.11.5 PG 25

d. Section 2.11.7 PG 25

e. Section 2.11.3 PG 23

f. Section 2.11.2 PG 23

g. N/A No LNG Facilities

Post Inspection activities (Sections 2.16 & 2.17 Pgs. 29-30)

- | | | | |
|---|---|---|---|
| 2 | Do written procedures address inspection priorities of each operator, and if necessary each unit, based on the following elements and time frames established in its procedures? Chapter 5.1
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| | <ul style="list-style-type: none">a. Length of time since last inspectionb. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities)c. Type of activity being undertaken by operators (i.e. construction)d. Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Centers, etc.)e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors)f. Are inspection units broken down appropriately? | | |

Evaluator Notes:

a thru e: Section 3 - Intrastate Inspection Program

Inspection Priorities including Unit Risk Analysis Procedure under Section 3.1. Also, Appendix O (Inspection Unit Risk Analysis Worksheet)

Standard inspection frequencies referred back to relevant inspection types under Section 2.11.

Inspection cycle process outlined under Section 3.3 and Appendix H (Inspection Cycles)

f: Operator inspection units appear sufficient. Appendix E (Operator Unit Names)

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| 3 | (Compliance Procedures) Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
| | <ul style="list-style-type: none">a. Procedures to notify an operator (company officer) when a noncompliance is identifiedb. Procedures to routinely review progress of compliance actions to prevent delays or breakdownsc. Procedures regarding closing outstanding probable violations | | |

Evaluator Notes:

Section 5 (Non-Compliance Procedures)

- a. Section 5.3 - Written Non-Compliance Letter Pg 39
- b. Section 5.1 General and Section 5.5 Resolution of a Non-Compliance Issued.
- c. Sections 5.9 (Follow-up) and 5.10 (Verification)

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- | | | | |
|----------|--|---|---|
| 4 | (Incident/Accident Investigations) Does the state have written procedures to address state actions in the event of an incident/accident?
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
| | <ol style="list-style-type: none">a. Mechanism to receive, record, and respond to operator reports of incidents, including after-hours reportsb. If onsite investigation was not made, do procedures require on-call staff to obtain sufficient information to determine the facts to support the decision not to go on-site. | | |

Evaluator Notes:

Section 6 (Incident Reporting) and Section 7 (Incident and SRC Investigations)

- a. Sections 6.1 Telephonic Reporting Criteria; 6.2 PHMSA Reportable Incidents; 6.3 Records & Appendix B1; and 6.4 Reporting to Staff - On-Call Engineer (24hr Gas Operations Incident Phone Number).
- b. Section 6.4 Reporting to Staff, Section 7.2 Decision to Investigate Incidents or SRC's, and Section 7.4 Incident Investigation Procedures.

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- | | | | |
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| 5 | General Comments: | Info Only | Info Only |
| | Info Only = No Points | | |

Evaluator Notes:

No issues identified. No point deductions under Part B.

Total points scored for this section: 15
Total possible points for this section: 15



PART C - State Qualifications

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Has each inspector and program manager fulfilled training requirements? (See Guidelines Appendix C for requirements) Chapter 4.3
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
| | <ul style="list-style-type: none">a. Completion of Required OQ Training before conducting inspection as leadb. Completion of Required DIMP/IMP Training before conducting inspection as leadc. Completion of Required LNG Training before conducting inspection as leadd. Root Cause Training by at least one inspector/program managere. Note any outside training completedf. Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector (Reference State Guidelines Section 4.3.1) | | |

Evaluator Notes:

a-c, f. Yes, staff who conducted OQ, IMP/DIMP inspections as the Lead have completed all required training. d. Seven inspectors including the program manager have completed the PL3600 Root Cause training. e. Staff have attended the Conger & Elsea Root Cause training, and OSHA Trench Safety course.

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|---|--|---|---|
| 2 | Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations?
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
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Evaluator Notes:

Yes. David has been with the MIPSC pipeline safety program since 1994. He has held the position of Program Manager (PM) since February 2011. David has successfully completed all required T&Q gas courses for PMs, and those for program inspectors. David is currently registered for the UNGS course.

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| 3 | General Comments:
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

No issues identified. No point deductions under Part C.

Total points scored for this section: 10
Total possible points for this section: 10



PART D - Program Performance

Points(MAX) Score

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|---|---|---|---|
| 1 | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 4 |
| | <ul style="list-style-type: none">a. Standard (General Code Compliance)b. Public Awareness Effectiveness Reviewsc. Drug and Alcohold. Control Room Managemente. Part 193 LNG Inspectionsf. Construction (did state achieve 20% of total inspection person-days?)g. OQ (see Question 3 for additional requirements)h. IMP/DIMP (see Question 4 for additional requirements) | | |

Evaluator Notes:

For CY2022, the MPSC pipeline program areas of focus included Section 114, Control Room Management, Transmission IMP, and field inspection of operator's Corrosion Control, Odorization, leakage surveys, overpressure protection and regulating equipment, active leaks, emergency valves, and emergency response. D&A, OQ, CRM, and IM are inspected on a five-year cycle. There are no jurisdictional LNG facilities in MI.

One-point was deducted for not completing all Drug & Alcohol inspections within the required five-year interval. The following were completed approximately six-years prior to the last inspections in conducted CY2016. Upper Michigan Energy Resources, Wisconsin Electric Power Company, Superior Energy, Commins Pipeline LLC., and Muskegon Development Company.

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|---|---|----|---|
| 2 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1. Do inspection records indicate that adequate reviews of procedures, records and field activities, including notes and the appropriate level of inspection person-days for each inspection, were performed?
Yes = 10 No = 0 Needs Improvement = 1-9 | 10 | 8 |
| | <ul style="list-style-type: none">a. Standard (General Code Compliance)b. Public Awareness Effectiveness Reviewsc. Drug and Alcohold. Control Room Managemente. Part 193 LNG Inspectionsf. Constructiong. OQ (see Question 3 for additional requirements)h. IMP/DIMP (see Question 4 for additional requirements) | | |

Evaluator Notes:

A review of IM inspections conducted in CY2022 revealed that the form used was an outdated with a revision date of August 8, 2013. Also, the program has not adopted or used the PHMSA Form 16 - IM Implementation inspection form which was first developed back in 2015.

Two-points were deducted for not utilizing inspection forms that include similar content as federal inspection forms.

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| 3 | Is state verifying monitoring (Protocol 9/Form15) of operators OQ programs? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals established in the operator's plan. 49 CFR 192 Part N
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes. The program devoted 20.84 days to OQ activities. Verified via a review of the programs 'Attachment 2 Mod' spreadsheet. No issues noted. The program has incorporated the OQ Protocol 9 field validation questions into their DT&C daily form.

- 4 Is state verifying operator's integrity management Programs (IMP and DIMP)? This should include a review of plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operator's plan(s). 49 CFR 192 Subparts O and P 2 2
- Yes = 2 No = 0 Needs Improvement = 1
- a. Are the implementation plans of the state's large/largest operators(s) being reviewed annually to ensure they are completing full cycle of the IMP process?
 - b. Are states verifying with operators any plastic pipe and components that have shown a record of defects/leaks and mitigating those through DIMP plan?
 - c. Are the states verifying operators are including low pressure distribution systems in their threat analysis?

Evaluator Notes:

Yes, to all. The program devoted 50,370 days to IM and DIMP activities. Verified via a review of the programs 'Attachment 2 Mod' spreadsheet. The program has been using an outdated form (rev 8/13/2014) for conducting IM Plan reviews. The program also needs to adopt the use of the PHMSA IM Implementation form. The program meets annually and individually with the 'Big Four' largest operators.

- 5 Did the state review the following (these items are NTSB recommendations to PHMSA that have been deemed acceptable response based on PHMSA reviewing these items during the evaluation process): Chapter 5.1 2 2
- Yes = 2 No = 0 Needs Improvement = 1
- a. Operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken;
 - b. Operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance);
 - c. Operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21;
 - d. Operator records of previous accidents and failures including reported third-party damage and leak response to ensure appropriate operator response as required by 192.617;
 - e. Directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies;
 - f. Operator procedures for considering low pressure distribution systems in threat analysis?
 - g. Operator compliance with state and federal regulations for regulators located inside buildings?

Evaluator Notes:

a & b. Yes. Verified during Form 'A,' inspected in First Half 2021 and due in First Half 2025.
c. Yes. Verified during Form 'H,' last inspected in Second Half 2020 and due again in 2024.
d. Yes. Last verified during Form 'C,' First Half 2022 (previously verified in 2018)
e. Yes. Verified during Form 'H,' last inspected in Second Half 2020, due again in 2024. Also added to the Damage Prevention Form.
f. Yes. Verified during Form 'A,' inspected in First Half 2021 and due in First Half 2025.
g. MPSC verifies compliance with MI Rule 460.20308 (which supersedes 192.353) in Form 'A' (Last verified in 2021 First Half and due again in 2025. Michigan Rule 460.20332 (discontinuation of service lines with inside components) is verified in Form 'H' (verified in 2020).

- 6 Did the State verify Operators took appropriate action regarding advisory bulletins issued since the last evaluation? (Advisory Bulletins Current Year) 1 1
- Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

One AB issued in CY2022 related to potential damage to pipelines/facilities caused by earth movement or other geological hazards. A question related to this specific issue is listed in MPSC the 2023 First Half Form (Headquarters form E).

7	(Compliance Activities) Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1	10	10
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Yes = 10 No = 0 Needs Improvement = 1-9

- a. Were compliance actions sent to company officer or manager/board member if municipal/government system?
- b. Were probable violations documented properly?
- c. Resolve probable violations
- d. Routinely review progress of probable violations
- e. Did state issue compliance actions for all probable violations discovered?
- f. Can state demonstrate fining authority for pipeline safety violations?
- g. Does Program Manager review, approve and monitor all compliance actions? (note: Program Manager or Senior Official should sign any NOPV or related enforcement action)
- h. Did state compliance actions give reasonable due process to all parties? Including "show cause" hearing, if necessary.
- i. Within 30 days, conduct a post-inspection briefing with the owner or operator outlining any concerns
- j. Within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection. (Incident investigations do not need to meet 30/90-day requirement)

Evaluator Notes:

- a. Letters are sent to the appropriate corporate official.
- b. Yes. Verified during review of inspection documentation, compliance letters, and the programs violations tracker.
- c. Yes. The program tracks open violations and issues a closure letter upon verification of compliance.
- d. Yes. The program holds regular meetings to review progress.
- e. Yes.
- f. Yes. The MPSC assessed 13 civil penalties in the amount of \$200,000 dollars. The number collected was 11 totaling \$80,000 dollars.
- g. Yes. MPSC procedures require that all compliance actions are reviewed approved and signed by the Program Manager. This is a process addressed in several locations of the PG (Sections 2.17, 5.3, and 7.8). This is managed through the use of a letter reviewing designee.
- h. Yes. Section 5.8 of program guidelines and referenced in compliance letters.
- i & j. Exits typically conducted at the end of each inspection and exit results (preliminary findings) emailed to the operator within one week.

8	(Incident Investigations) Were all federally reportable incidents investigated, thoroughly documented, with conclusions and recommendations?	10	10
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Yes = 10 No = 0 Needs Improvement = 1-9

- a. Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports?
- b. Did state keep adequate records of Incident/Accident notifications received?
- c. If onsite investigation was not made, did the state obtain sufficient information from the operator and/or by means to determine the facts to support the decision not to go on site?
- d. Were onsite observations documented?
- e. Were contributing factors documented?
- f. Were recommendations to prevent recurrences, where appropriate, documented?
- g. Did state initiate compliance action for any violations found during any incident/accident investigation?
- h. Did state assist Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA?
- i. Does state share any lessons learned from incidents/accidents?

Evaluator Notes:

Yes. There were 15 reportable incidents in CY2022. The program has been slow this past year issuing final incident reports due to the loss of their primary incident coordinator to PHMSA AID back in CY2022. They hope to issue the remaining

reports soon.

- a. Section 6 (Incident Reporting) and Section 7 (Incident or SRC Investigations) of MPSC Gas Safety Procedures manual. The program maintains a 24-hour Gas Operations Incident phone number. Calls are fielded by the on-call engineer.
- b. The on-call engineer documents all notifications by creating a case file in the MPSC database and e-mails the MPSC Incident Contact List when necessary to notify them of the incident.
- c. Same as item b. above. The on-call engineer will decide whether an on-site investigation is warranted. Decision to investigate incidents on-site is determined using the criteria found under Section 7.2 of the MPSC procedures.
- d thru f. State inspectors do an excellent job documenting their investigations and make good use of photographs in incident reports. The reports provide the necessary detail to support their investigation findings and recommendations.
- g. Have initiated compliance actions. Covered under Section 7.8 of procedures manual.
- h. Yes. The program provides monthly updates to PHMSA.
- i. Yes. During NAPSRS regional meeting and during annual 'Communications Meeting' individually held with the program 4 largest operators.

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| 9 | Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. State Programs letter to the Chairman was issued via e-mail on 11/3/2022. The Chair's response letter was received on January 3, 2023, addressing efforts to increase the minimum civil penalty amounts during the 2023-2024 legislative term.

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| 10 | Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

Last held 10/8-10/2019. The program does conduct an annual 'Communications Meeting' with each of its four largest operators. An effort is underway to ensure that smaller operators can receive similar safety information by a yet to be determine mechanism.

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| 11 | Has state confirmed transmission operators have submitted information into NPMS database along with changes made after original submission?
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

Yes. MPSC - Second Half Form D contains both a procedural and records question.

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| 12 | Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public).
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. Information pertaining to the annual 'Communications Meeting' are posted to the MPSC web site. Inspection forms for each inspection year are provided on the MPSC pipeline safety web page along with other useful information. An annual letter goes out to all intrastate pipeline operators noting the gas safety inspection workplan and program updates. The MPSC is also developing a Listserv as another vehicle for distributing 'bulletin' type information operators.

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| 13 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

There were four SRCR's submitted by operators in CY2022. Verified in the WMS. All were appropriately followed up on. All SRC's are regularly reviewed with staff and status tracked via database spreadsheet. Reminded the program to be sure to follow-up with operator every 30-days and update task notes in the WMS until the SRC is closed out.

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| 14 | Was the State responsive to:
Yes = 1 No = 0 Needs Improvement = .5
a. Surveys or information requests from NAPSRS or PHMSA; and | 1 | 1 |
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b. PHMSA Work Management system tasks?

Evaluator Notes:

The program responded to 8 of 16 survey requests. There were no IM Notifications in CY2022.

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| 15 | If the State has issued any waivers/special permits for any operator, has the state verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 0.5 |
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Evaluator Notes:

There are two active waivers.

Effective 4/18/2014 related to WMRE of Michigan use of 14-16-inch ASTM F714 PE rather than ASTM D2513 PE to transport landfill gas to a customer. Number of Conditions (5). MAOP capped at 34.6 psig; Conduct annual leak surveys using a flame ionization instrument 4 times each calendar year; Maintain accurate map of system; Maintain pipeline markers within line sight of adjacent markers; Use pipe meeting requirements under 49 CFR 192 for future additions, replacements, and maintenance of pipeline; and use of fusion process (no mechanical or compression fittings) for performing repairs. Half a point deducted for not sufficiently documenting the operator's compliance with the listed conditions.

Effective 12/10/1973 related to Consumers Energy to uprate and operate all segments of its gas distribution installed between 1/1/1955 and 7/1/1965 at a MAOP of 60 psig. No issues.

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| 16 | Were pipeline program files well-organized and accessible?
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

No issues. Documentation was readily available.

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| 17 | Discussion with State on accuracy of inspection day information submitted into State Inspection Day Calculation Tool (SICT). Has the state updated SICT data?
Yes = 3 No = 0 Needs Improvement = 1-2 | 3 | 3 |
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Evaluator Notes:

Discussed past SICT estimates. The SICT was updated by July 2023. For CY2022, DT&C actual days were 191.60 (23.53%) of SICT estimated total days of 814. Actual total program field days were 1111.7. The program has approval to hire three additional and one replacement inspector.

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| 18 | Discussion on State Program Performance Metrics found on Stakeholder Communication site.\ http://primis.phmsa.dot.gov/comm/states.htm?nocache=4805
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

Discussed CY2022 results. Pipeline damages per 1000 locate tickets trended up slightly from CY2021. Now at approximately 4.3. The national average is 2.55. % Core Training at approximately 80%. Five-year retention at approximately 48%. Three LDC's continue their cast iron and unprotected bare steel replacement programs. Total mileage remaining at the end of CY2022 is 1,616.2 miles, down 204.7 miles from the end of CY2021.

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| 19 | Did the state encourage and promote operator implementation of Pipeline Safety Management Systems (PSMS), or API RP 1173? This holistic approach to improving pipeline safety includes the identification, prevention and remediation of safety hazards.
Info Only = No Points
a. https://pipelinesms.org/
b. Reference AGA recommendation to members May 20, 2019 | Info Only | Info Only |
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Evaluator Notes:

According the MPSC "This has been pressed in the Michigan Statewide Energy Assessment Report (Docket U-20464)". The Commission has also been supportive of the development of SMS within the utilities to promote management engagement in putting controls in place that will further mitigate risk within all aspects of the operation of pipeline facilities. Consumers Energy and DTE Gas have begun the process of developing SMS programs. The process of developing a mature SMS program takes years and the Commission expects that the natural gas utilities to continue to evaluate and improve their SMS programs over time." Additionally, the MPSC leads workgroups related to Curtailment (MPSC Docket U20632) and Mutual

20 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

D-1 One-point deducted for not meeting the five-year time interval for completing five of 8 D&A inspections conducted in CY2022.

D-2 Two-points deducted for not utilizing updated IM forms that includes similar content as federal inspection forms.

D-15 Half a point deducted for not sufficiently documenting the operator's compliance with the listed conditions under the 4/18/2014 waiver.

Part D score 46.5 out of 50 possible.

Total points scored for this section: 46.5
Total possible points for this section: 50



PART E - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative (enter specifics into the comments box below) Info Only Info Only

Info Only = No Points

- What type of inspection(s) did the state inspector conduct during the field portion of the state evaluation? (i.e. Standard, Construction, IMP, etc)
- When was the unit inspected last?
- Was pipeline operator or representative present during inspection?
- Effort should be made to observe newest state inspector with least experience

Evaluator Notes:

- A comprehensive review of Consumer Energy's written procedures.
- The last comprehensive review was conducted in 2019.
- Yes. The review was conducted at the operator's Flint, MI operations facility.
- Lead for this team inspection was David Chislea.

- 2 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) 2 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. The program utilized inspection Forms 'E' & 'F' generated by the program's database. Inspection staff access the database checklists remotely during the inspection and have available to them guidance material, rule language, and past inspection results similar to the PHMSA IA application. Results are noted immediately as well as pending results which require additional information/documentation from the operator prior to finalizing.

- 3 Did the inspector adequately review the following during the inspection 10 10

Yes = 10 No = 0 Needs Improvement = 1-9

- Procedures (were the inspector's questions of the operator adequate to determine compliance?)
- Records (did the inspector adequately review trends and ask in-depth questions?)
- Field Activities/Facilities (did inspector ensure that procedures were being followed, including ensuring that properly calibrated equipment was used and OQ's were acceptable?)
- Other (please comment)
- Was the inspection of adequate length to properly perform the inspection?

Evaluator Notes:

Yes. The inspection was comprehensive in nature. Inspection staff conducted a pre-review the week prior to engaging the operator due to the complexity of the operator's current set of manuals which requires inspections staff to navigate through nine volumes. Gas Operation Welding Manual, Corporate Safety Manual, Gas Distribution Engineering Manual, Construction and Field Practice, Work Method, Transmission Storage Engineering Manual, Gas Standards Manual, Gas Operations & Maintenance Manual, Gas Emergency Resource.

Records were reviewed covered areas such as Cathodic Protection, Design of Pipeline Components, Welding Procedure/Welder Testing, Maintenance and Normal operations, Abnormal Operations, SRCR's, Surveillance, Emergency Response, and Accident Investigation.

The review was of sufficient length and detail to determine compliance.

- 4 From your observation did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) 2 2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. The inspection team demonstrated excellent knowledge of regulations and program specifics.

- 5 Did the inspector conduct an exit interview, including identifying probable violations? (If inspection is not totally completed the interview should be based on areas covered during time of field evaluation) 1 1

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes. An exit was conducted with the operator on the last day of the inspection. Written preliminary results were emailed to the operator the same day.

6 Was inspection performed in a safe, positive, and constructive manner ?

Info Only Info Only

Info Only = No Points

- a. No unsafe acts should be performed during inspection by the state inspector
- b. What did the inspector observe in the field? (Narrative description of field observations and how inspector performed)
- c. Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices)
- d. Other

Evaluator Notes:

No field observations made during this written procedure review. Mr. Chislea and the inspection team conducted themselves in a courteous and professional manner.

7 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No issues identified. No point deductions under Part E.

Total points scored for this section: 15
Total possible points for this section: 15



- | | | | |
|---|--|---|---|
| 1 | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues.
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

No changes from prior year. The MPSC developed a five-question damage prevention form that reviews and further inspects the information provided by the operators on their annual report and specifically damage reporting. The form includes further investigation into several rules including: 192.1007, 192.805, 192.614, and Michigan Rule 460.20504 (Related to Part 191 reporting requirements). Additionally, the MPSC risk-based inspection calculation includes data related to operator damages, including Damage Prevention specific forms for risk inspections. The MPSC performs annual reviews of operator annual reports for significant changes compared to years prior. These reviews are documented on a completed inspection form and stored in the MPSC database. All outstanding incidents are reviewed and updated monthly, and the report is provided to PHMSA.

- | | | | |
|---|--|---|---|
| 2 | Has the state verified that the operators analyze excavation damages for the purpose of determining root causes and minimizing the possibility of a recurrence? (192.617)
Has the state verified that the operators have appropriately identified excavators who have repeatedly violated one-call laws and damaged their facilities. Have the operators taken steps to mitigate that risks? (192.1007)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Refer to Question F1 remarks. In addition, Michigan's damage prevention law requires operators to file damage data. This data must be submitted quarterly by operators. Data is reviewed annually and is analyzed with an emphasis on the larger operators. Additionally, at least quarterly damage prevention meetings are held with the MPSC and Damage Prevention teams for Michigan's biggest distribution operators (DTE/CE/SEMCO). "Frequent damagers" is a recurring topic for this meeting. Periodic meetings are still occurring with MGU.

Discussed number of excavation damages reported by four of its largest operators well above the national average of 2.55. Consumers Energy 4.78, DTE Gas 3.52, SEMCO Energy 5.02, and MI Gas Utilities 4.86. Two operators reporting higher than average root cause data for excavation practices not being sufficient (51% and 54%).

- | | | | |
|---|--|---|---|
| 3 | Has the state reviewed the operator's annual report pertaining to Part D - Excavation Damage?
Yes = 4 No = 0 Needs Improvement = 1-3 <ol style="list-style-type: none"> a. Is the information complete and accurate with root cause numbers? b. Has the state evaluated the causes for the damages listed under "One-Call Notification Practices Not Sufficient" (Part D.1.a)? c. Has the state evaluated the causes for the damages listed under "Locating Practices Not Sufficient" (Part D.1.b)? For each operator, does the state review the following? d. Is the operator or its locating contractor(s) qualified and following written procedures for locating and marking facilities? e. Is the operator appropriately requalifying locators to address performance deficiencies? f. What is the number of damages resulting from mismarks? g. What is the number of damages resulting from not locating within time requirements (no-shows)? h. Is the operator appropriately addressing discovered mapping errors resulting in excavation damages? i. Are mapping corrections timely and according to written procedures? j. Has the state evaluated the causes for the damages listed under "Excavation Practices Not Sufficient" (Part D.1.c)? | 4 | 4 |
|---|--|---|---|

Evaluator Notes:

Same as prior year. as noted above in F-1 and F-2, the MPSC has a form (first added in 2022) that was reviewed with the largest operators in the state and has been integrated into the risk-based inspection process going forward. This form includes repeat damagers. As noted above, this form further inspects several rules including: 192.805, 192.614, and Michigan Rule 460.20504 (Related to Part 191 reporting requirements).

- | | | | |
|---|---|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
| | a. What stakeholder group is causing the highest number of damages to the pipelines? Operator, contractor, locating company or public.
b. Has the state verified the operator is appropriately focusing damage prevention education and training to stakeholders causing the most damages?
c. Has the state evaluated which of the following best describes the reason for the excavation damages; i.e., operator or contractor not following written procedures, failure to maintain marks, failure to support exposed facilities, failure to use hand tools were required, failure to test-hole (pot hole), improper backfilling practices, failure to maintain clearance or insufficient excavation practices.
d. Has the state verified the operator is appropriately focusing damage prevention education and training to address the causes of excavation damages? | | |

Evaluator Notes:

Same as prior years. Information is analyzed and shared with several stakeholder audiences. This data is shared and presented at Communications Meetings with the largest operators in the state, shared with other states at the Regional NAPSRS meeting, and shared with MISS DIG (811) at their annual meeting. Presentations are maintained by the MPSC.

- | | | | |
|---|--|-----------|-----------|
| 5 | General Comments:
Info Only = No Points | Info Only | Info Only |
|---|--|-----------|-----------|

Evaluator Notes:

NO issues. No point deductions under Part F.

Total points scored for this section: 10
Total possible points for this section: 10



PART G - Interstate Agent/Agreement States

Points(MAX) Score

- 1 Were all inspections of interstate pipelines conducted using the Inspection Assistant program for documenting inspections? Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

- 2 If inspections were conducted independent of a PHMSA team inspection was notice of all identified probable violations provided to PHMSA within 60 days? Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

- 3 If inspections were conducted independent of a PHMSA team inspection was PHMSA immediately notified of conditions which may pose an immediate safety hazard to the public or environment? Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

- 4 If inspections were conducted independent of a PHMSA team inspection did the state coordinate with PHMSA if inspections not were not included in the PHMSA Inspection Work Plan? Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

- 5 Did the state take direction from and cooperate with PHMSA for all incident investigations conducted on interstate pipelines? Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

- 6 General Comments: Info Only Info Only
Info Only = No Points

Evaluator Notes:

Region will complete these questions at the end of the calendar year and forward to Zach Barrett for including any issues in letter to the Chair.

Total points scored for this section: 0
Total possible points for this section: 0