

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

2016 Gas State Program Evaluation

for

MICHIGAN PUBLIC SERVICE COMMISSION

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)



2016 Gas State Program Evaluation -- CY 2016

Gas

State Agency: Michigan

Agency Status:

Date of Visit: 05/26/2017 - 08/11/2017

Agency Representative: David Chislea

PHMSA Representative: Clint Stephens

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

Name/Title: Ms. Sally A. Talberg, Chairman

Agency: Michigan Public Service Commission

Address: 7109 West Saginaw Highway

City/State/Zip: Lansing, Michigan 48917

Rating:

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

Interstate Agent: Yes

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2016 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. 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 space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on 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.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS

Possible Points Points Scored

A	Progress Report and Program Documentation Review
B	Program Inspection Procedures
C	Program Performance
D	Compliance Activities
E	Incident Investigations
F	Damage Prevention
G	Field Inspections
H	Interstate Agent State (If Applicable)
I	60106 Agreement State (If Applicable)

10	10
13	13
49	47
15	14
11	10
8	8
12	12
7	7
0	0

TOTALS

125 121

State Rating 96.8

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | | | |
|---|---|---|---|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

Reviewed Attachment 1 of Progress Report and found data to be accurate.

- | | | | |
|---|--|---|---|
| 2 | Review of Inspection Days for accuracy - Progress Report Attachment 2
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Reviewed Attachment 2 of Progress Report and found inspection days to be accurate.

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|---|--|---|---|
| 3 | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Reviewed Attachment 3 of Progress Report and found Operators and Inspection Units to be accurate.

- | | | | |
|---|--|---|---|
| 4 | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Reviewed Attachment 4 of Progress Report and found federally reportable incidents listed to be accurate based on comparison of data in PDM.

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|---|--|---|---|
| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Reviewed Attachment 5 of Progress Report and found Compliance Activities data to be accurate.

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|---|---|---|---|
| 6 | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Pipeline program files are stored in the S Drive (electronically) and gas safety database.

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|---|--|---|---|
| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|--|---|---|

Evaluator Notes:

Reviewed Attachment 7 of Progress Report and found employee listing and completed training accurate based on comparing information in the T&Q database.

- | | | | |
|---|---|---|---|
| 8 | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

There were no issues in Attachment 8 of Progress Report.

- 9 List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No issues. Attachment 10 - Michigan State Program added one supervisor engineer position in December 2016 and working toward adding one more supervisor and four staff engineer positions. Staff received approval for the modifications and additions to the state regulations as well as adoption of federal regulations. Rules were drafted for the administration of PA174 (Damage Prevention) and a Commission Order was issued at the end of 2016 formally adopting the new rules.

10 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

There were no issues in Part A of the evaluation.

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



PART B - Program Inspection Procedures

Points(MAX) Score

- | | | | |
|---|--|---|---|
| 1 | Standard Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 2 | 2 |
|---|--|---|---|

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part #1, and 2.17.

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|---|--|---|---|
| 2 | IMP and DIMP Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part #4, and 2.17.

- | | | | |
|---|--|---|---|
| 3 | OQ Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part #5, and 2.17.

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|---|---|---|---|
| 4 | Damage Prevention Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|---|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part #7, and 2.17.

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|---|--|---|---|
| 5 | Any operator training conducted should be outlined and appropriately documented as needed. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part #3, and 2.17.

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|---|--|---|---|
| 6 | Construction Inspection procedures should give guidance to state inspectors that insure consistency in all inspections conducted by the state? The following elements should be addressed at a minimum - pre-inspection activities, inspection activities, post-inspection activities. | 1 | 1 |
|---|--|---|---|

Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Procedures are contained in sections 2.10, 2.11 Part 2, and 2.17. Under Rule 460.20502 requires operators to report construction projects.

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|---|---|---|---|
| 7 | Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? | 6 | 6 |
|---|---|---|---|

Yes = 6 No = 0 Needs Improvement = 1-5

- a. Length of time since last inspection (Within five year interval)

Yes ☒ No ☐ Needs Improvement ☐

- | | | | |
|--|--------------------------------------|--------------------------|---|
| b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| 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) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f. Are inspection units broken down appropriately? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Procedures are contained in sections 3.1 and 3.2 of the Michigan Operation Procedures.

8 General Comments:

Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No issues in Part B of the evaluation.

Total points scored for this section: 13
Total possible points for this section: 13



PART C - Program Performance

Points(MAX) Score

- 1 Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 5 5
Yes = 5 No = 0

A. Total Inspection Person Days (Attachment 2):
726.00

B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
220 X 7.57 = 1664.57

Ratio: A / B
726.00 / 1664.57 = 0.44

If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
Points = 5

Evaluator Notes:

The ratio of Total Inspection person-days to total person days was acceptable. No issue.

- 2 Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines Appendix C for requirements) Chapter 4.4 5 5
Yes = 5 No = 0 Needs Improvement = 1-4

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|----|--|--------------------------------------|--------------------------|---|
| a. | Completion of Required OQ Training before conducting inspection as lead? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Root Cause Training by at least one inspector/program manager | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. | Note any outside training completed | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e. | Verify inspector has obtained minimum qualifications to lead any applicable standard inspection as the lead inspector. | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

No issues. Reviewed training records from the T&Q database and only one MPSC staff had not completed core course training in 2016. Karen Krueger started courses (WBT) 9/21/16. On waiting list for five courses.

- 3 Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, program manager displays adequate knowledge of PHMSA program and regulations.

- 4 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 2 1
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

PHMSA letter was sent to Chairman on September 1, 2016, and response was received on November 4, 2016. The MPSC did not respond within the 60 days. The Chairman's letter response was received in 63 days.

- 5 Did State conduct or participate in pipeline safety training session or seminar in Past 3 Years? Chapter 8.5 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, pipeline safety training seminar was last held September 26-28, 2016 in Mt. Pleasant, MI.

- 6 Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 5 5

Yes = 5 No = 0 Needs Improvement = 1-4

Evaluator Notes:

In order to differentiate those parts of the inspection, such procedures, records and observations, the MPSC has upgraded database with the capabilities to select procedure, records, or observation questions. This will be used to effectively determine if all parts of an inspection are completed within the 4-year interval. This process became effective in the second half of 2016.

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|---|---|---|---|
| 7 | 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
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|
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Evaluator Notes:

Yes, the inspection covered all applicable code requirements, but there were some inspection questions that should have been noted as satisfactory, but were selected as non-applicable, which were procedure questions, which were included in the company procedures. Also, some of the field inspection questions were designated as not-checked and referred back to the HQ inspection report. These questions should have been checked as satisfactory in the field inspection.

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|---|---|---|---|
| 8 | Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1
Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|
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Evaluator Notes:

Yes, verified in Cycle "A" of 2013, and during 4 -year interval for Cycle "A" in 2017.

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|---|--|---|---|
| 9 | Did the state review 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) (NTSB) Chapter 5.1
Yes = 1 No = 0 | 1 | 1 |
|---|--|---|---|
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Evaluator Notes:

Yes, verified in Cycle "A" of 2013, and during 4 -year interval for Cycle "A" in 2017.

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|----|---|---|---|
| 10 | Did the state review 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? (NTSB) Chapter 5.1
Yes = 1 No = 0 | 1 | 1 |
|----|---|---|---|
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Evaluator Notes:

es, verified in cycle "H" of last half of 2016, and previously 4-year interval for Cycle "H" in 2012.

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|----|--|---|---|
| 11 | Did the state review 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? Chapter 5.1
Yes = 1 No = 0 | 1 | 1 |
|----|--|---|---|
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Evaluator Notes:

Yes, verified in Cycle "G" of first half of 2016, and previously 4-year interval for Cycle "G" in 2012.

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|----|--|---|---|
| 12 | 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 |
|----|--|---|---|
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Evaluator Notes:

Yes, verified in first half of 2013, but may not have been added into inspection forms for first half of 2017. Need to check in the CY2017 Evaluation.

- 13 Did state input all applicable OQ, DIMP/IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

35 OQ field and program inspections uploaded into database. There was one IM inspection (Breitburn Operating L.P) that was performed in 2016 and uploaded into IMDB.

- 14 Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, verified in Cycle "D" second half of 2014, which is due in second half of 2018.

- 15 Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes, verified in Cycle "H" second half of 2016, which was previously performed in 4-year interval in second half of 2012. Did use abbreviated D&A inspection form in 2016.

- 16 Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

OQDB indicates the MPSC performed 19 OQ program inspections in CY2016.

- 17 Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 192 Subpart 0 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

IMDB indicates there was one comprehensive IM inspection in CY2016.

- 18 Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). (Are the State's largest operators programs being contacted or reviewed annually?). 49 CFR 192 Subpart P DIMP ? First round of program inspections should have been complete by December 2014 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The MPSC performed four DIMP inspections in CY2016 which were inspected using the Inspection Assistant (IA).

- 19 Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. PAPEI Effectiveness Inspections should have been completed by December 2013. PAPEI Effectiveness Inspections should be conducted every four years by operators. 49 CFR 192.616 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

The MPSC performed a PAP inspection for all its operators in CY2016 which were inspected using the Inspection Assistant (IA).

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| 20 | 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:

The MPSC utilizes its website, annual meeting with large operators, and power point presentation posted on website. Public does not have access to inspection reports on the website.

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| 21 | Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

There are two open SRCRs in the PDM that are still open from 2016 ? Consumers Energy Co. and Northern States Power Co. of Wisconsin. Report IDs 20160022/20160006. The MPSC is in the process of preparing an incident report for both SRCRs. This is being updated with PHMSA on a monthly basis.

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|-----------|---|---|---|
| 22 | Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|-----------|---|---|---|

Evaluator Notes:

Yes, verified in Cycle "A" first half 2013, and the 4-year interval of first of 2017.

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| 23 | Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, the MPSC has responded to survey requests from both NAPSRS and PHMSA.

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|-----------|--|---|---|
| 24 | 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.
No = 0 Needs Improvement = .5 Yes = 1 | 1 | 1 |
|-----------|--|---|---|

Evaluator Notes:

There were no new waivers/special permits submitted in 2016. Presently, there are three active waivers for the MPSC.

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|-----------|---|---|---|
| 25 | Did the state attend the National NAPSRS Board of Directors Meeting in CY being evaluated?
No = 0 Needs Improvement = .5 Yes = 1 | 1 | 0 |
|-----------|---|---|---|

Evaluator Notes:

The MPSC did not attend National NAPSRS meeting in CY2016 due to conflict with State Seminar being the same week.

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|-----------|---|---|---|
| 26 | Discussion on State Program Performance Metrics found on Stakeholder Communication site - http://primis.phmsa.dot.gov/comm/states.htm
No = 0 Needs Improvement = 1 Yes = 2 | 2 | 2 |
|-----------|---|---|---|

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|----|---|--------------------------------------|--------------------------|---|
| a. | Discussion of Potential Accelerated Actions (AA's) based on any negative trends | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | NTSB P-11-20 Meaningful Metrics | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

The performance metrics was discussed with the MPSC which identified the Damage Prevention Program metrics shows an increase in excavation damages per 1,000 tickets from 2013 to 2015. (Distribution systems) MPSC has enforcement capabilities due to the damage prevention law, but operators have been reluctant to file complaints against excavators.

Damage Prevention law was changed to add fining capabilities in December 2016 for excavation damage which should deter excavators from damaging underground utilities if fining is enforced.

- 27** Discussion with State on accuracy of inspection day information submitted into State Info OnlyInfo Only
Inspection Day Calculation Tool. (No points)
Info Only = No Points

Evaluator Notes:

Attachment 2 of Progress Report indicates Michigan had 726 person days/yr; whereas the SICT Tool for CY2017 for person/days was calculated at 881. The MPSC added one supervisor engineer position in December 2016 and will be adding four staff engineer positions by the end of CY2017. This should put the MPSC in the position to meet or exceed the 881 calculated person/days.

- 28** Did the State verify Operators took appropriate action regarding Pipeline Flow Reversals, Info OnlyInfo Only
Product Changes and Conversions to Service? See ADP-2014-04 (No Points)
Info Only = No Points

Evaluator Notes:

This question has been added to the MPSC Cycle "D" for the second half of 2018 inspection.

- 29** General Comments: Info OnlyInfo Only
Info Only = No Points

Evaluator Notes:

There were two issues identified in Part C of the Evaluation Program: 1) PHMSA letter was sent to Chairman on September 1, 2016, and response was received on November 4, 2016. (63 days); and 2) The MSPC did not attend National NAPSR meeting in CY2016 due to conflict with State Seminar being the same week.

Total points scored for this section: 47
Total possible points for this section: 49



PART D - Compliance Activities**Points(MAX) Score**

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|----------|--|---|---|
| 1 | 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 = 4 No = 0 Needs Improvement = 1-3 | 4 | 4 |
| a. | Procedures to notify an operator (company officer) when a noncompliance is identified | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Procedures to routinely review progress of compliance actions to prevent delays or breakdowns | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Procedures regarding closing outstanding probable violations | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Procedures are contained in Chapter 5 sections 5.3, 5.5, and 5.9 of the MPSC Operations Plan.

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|----------|--|---|--|
| 2 | 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
Yes = 4 No = 0 Needs Improvement = 1-3 | 4 | 3 |
| a. | Were compliance actions sent to company officer or manager/board member if municipal/government system? | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. | Document probable violations | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. | Resolve probable violations | Yes <input type="radio"/> No <input type="radio"/> | Needs Improvement <input checked="" type="radio"/> |
| d. | Routinely review progress of probable violations | Yes <input type="radio"/> No <input type="radio"/> | Needs Improvement <input checked="" type="radio"/> |
| e. | Were applicable civil penalties outlined in correspondence with operator(s) | Yes <input checked="" type="radio"/> No <input type="radio"/> | Needs Improvement <input type="radio"/> |

Evaluator Notes:

Compliance actions are currently being sent to company officer, all probable violations are being documented, and Attachment 5 ? 615 compliance actions to be corrected by end of 2017. 540 carried over from CY2016 (including 41 interstate). 168 compliance actions have been closed as of 8/8/17. 615 should be 602 as corrected by MPSC included in notes of Progress Report. Presently, there is 538 open compliance actions. There is a gap in process time between the operator response and the MPSC's follow-up to the operator's response.

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|----------|--|----------|----------|
| 3 | Did the state issue compliance actions for all probable violations discovered?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|----------|----------|

Evaluator Notes:

Yes, the MPSC does a good job of issuing compliance actions for all probable violations discovered.

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|----------|---|----------|----------|
| 4 | Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.
Yes = 2 No = 0 | 2 | 2 |
|----------|---|----------|----------|

Evaluator Notes:

The MPSC did not issue "show cause" in 2016; however, one was issued in 2017 to Consumers Energy. Procedure included in section 5.8 of MPSC Inspection Plan.

- | | | | |
|----------|---|----------|----------|
| 5 | Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|----------|----------|

Evaluator Notes:

Yes, Program Manager is familiar with state process for imposing civil penalties. The MPSC issued two fines in 2016, incidents 343425 (Montrose House Explosion), and 326629 (Flint Explosion).

- | | | | |
|----------|---|----------|----------|
| 6 | Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|----------|----------|

Evaluator Notes:

There were no fines issued in 2016, but one fine has been issued currently against DTE.

7 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

There was one issue in Part D of Evaluation Program 540 carried over from CY2016 (including 41 interstate). 168 compliance actions have been closed as of 8/8/17. 615 should be 602 as corrected by MPSC included in notes of Progress Report. Presently, there is 538 open compliance actions. There is a gap between the operator response and the MPSC's follow-up to the operator's response.

Total points scored for this section: 14
Total possible points for this section: 15



PART E - Incident Investigations

Points(MAX) Score

- 1 Does the state have written procedures to address state actions in the event of an incident/accident? 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Procedures are included on Chapter 6 and 7 in the MPSC Operating Procedures.

- 2 Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 2 2
Yes = 2 No = 0 Needs Improvement = 1

- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes ☒ No ☐ Needs Improvement ☐
b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Procedure for receiving calls in Section 6.7 of the PG, and records of notifications in Section 6.6 of the PG. MOU between PHMSA and NTSB is reference in the PG (Appendix K), and the Cooperation agreement is in Section 7.3.

- 3 If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

There were no issues. The MPSC has continued communication with operator for incidents not having onsite investigations.

- 4 Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? 3 2
Yes = 3 No = 0 Needs Improvement = 1-2

- a. Observations and document review Yes ☐ No ☐ Needs Improvement ☒
b. Contributing Factors Yes ☒ No ☐ Needs Improvement ☐
c. Recommendations to prevent recurrences when appropriate Yes ☒ No ☐ Needs Improvement ☐

Evaluator Notes:

Incidents investigated are not being finalized for report being submitted to operator.

- 5 Did the state initiate compliance action for violations found during any incident/accident investigation? 1 1
Yes = 1 No = 0

Evaluator Notes:

The MPSC have not finalized incident reports in 2016, so no compliance action for violations have been initiated at the time of the evaluation.

- 6 Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

The MPSC is assisting the region office and keeping PHMSA updated on those incidents.

- 7 Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPS Region meetings, state seminars, etc) 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, the MPSC has shared lessons learned from accidents during the NAPSIR region meetings, state seminar, and website for CY2016.

8 General Comments:

Info OnlyInfo Only

Info Only = No Points

Evaluator Notes:

There was one issue identified in Part E of Evaluation Program: Incidents investigated are not being finalized for report being submitted to operator.

Total points scored for this section: 10
Total possible points for this section: 11



PART F - Damage Prevention

Points(MAX) Score

- | | | | |
|---|--|---|---|
| 1 | Has the state reviewed 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? NTSB
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, verified during Cycle "H" second half of 2016.

-
- | | | | |
|---|---|---|---|
| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system?
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes, verified during Cycle "H" second half of 2016.

-
- | | | | |
|---|--|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, 2014 the MPSC passed an updated damage prevention law and staff attends annual paradigm meetings.

-
- | | | | |
|---|--|---|---|
| 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? (This can include DIRT and other data shared and reviewed by the pipeline safety program)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|--|---|---|

Evaluator Notes:

Yes, the MPSC has collected data and evaluated trends on the number of pipeline damages per 1,000 locate tickets. This information has been shared with the operators and the public on the MPSC website.

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

Evaluator Notes:

There were no issues in Part F of the evaluation.

Total points scored for this section: 8
Total possible points for this section: 8

PART G - Field Inspections

Points(MAX) Score

- 1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
Info Only = No Points

Name of Operator Inspected:

1. Consumers Energy 2. Amerigas

Name of State Inspector(s) Observed:

Heather David (Consumers Gas) and Tayler Becker (Amerigas)

Location of Inspection:

1. 1000 Grand Oaks Drive, Howell, MI 48843 2. 3400 South Oceana Drive, New Era, MI 49446

Date of Inspection:

1. May 23-24, 2017 2. May 25, 2017

Name of PHMSA Representative:

Clint Stephens

Evaluator Notes:

The inspectors performed a Standard Distribution inspection which included only valves and leak survey records and field audit.

- 2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes. The operator's representative was notified and present during the inspection.

- 3 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 State Program of Michigan uses its own inspection checklist, "Michigan Public Service Commission ? 2017 First Half Inspection" which includes all State and federal Code requirements for compliance pertaining to valves and leak survey records/field inspections.

- 4 Did the inspector thoroughly document results of the inspection? 2 2
Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. The inspectors thoroughly documented the results of the inspection.

- 5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps, pyrometer, soap spray, CGI, etc.) 1 1
Yes = 1 No = 0

Evaluator Notes:

: Yes. The operator utilized a leak detector, valve key, soap spray, pipeline locator, and CGI (detect gas and propane) during the inspection.

- 6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) 2 2
Yes = 2 No = 0 Needs Improvement = 1

a. Procedures ☒

b. Records ☒

c. Field Activities ☒

d. Other (please comment) ☐

Evaluator Notes:

The inspectors reviewed valve operations & maintenance, leak survey/repair, and Gas Leak Investigation and Response

procedures. Records inspection included leak survey and valve maintenance records. Field activities included valve operation, leak survey, and OQ field evaluation.

- | | | | |
|---|---|---|---|
| 7 | Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|---|---|---|---|

Evaluator Notes:

Yes. The inspectors have adequate knowledge of the pipeline safety program and regulations.

- | | | | |
|---|---|---|---|
| 8 | Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation)
Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

Yes, Ms. David conducted an exit interview outlining those areas for discussion that were reviewed during the records inspection and observed in the field. Mr. Beck will perform a conference call exit interview at a later date.

- | | | | |
|---|---|---|---|
| 9 | During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable)
Yes = 1 No = 0 | 1 | 1 |
|---|---|---|---|

Evaluator Notes:

Yes, Ms. David identified all possible probable possible violations found during the inspection.

- | | | | |
|----|---|-----------|-----------|
| 10 | General Comments: 1) What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) 2) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) 3) Other.
Info Only = No Points | Info Only | Info Only |
|----|---|-----------|-----------|

- | | | |
|----|-----------------------------------|-------------------------------------|
| a. | Abandonment | <input type="checkbox"/> |
| b. | Abnormal Operations | <input type="checkbox"/> |
| c. | Break-Out Tanks | <input type="checkbox"/> |
| d. | Compressor or Pump Stations | <input type="checkbox"/> |
| e. | Change in Class Location | <input type="checkbox"/> |
| f. | Casings | <input type="checkbox"/> |
| g. | Cathodic Protection | <input type="checkbox"/> |
| h. | Cast-iron Replacement | <input type="checkbox"/> |
| i. | Damage Prevention | <input type="checkbox"/> |
| j. | Deactivation | <input type="checkbox"/> |
| k. | Emergency Procedures | <input type="checkbox"/> |
| l. | Inspection of Right-of-Way | <input checked="" type="checkbox"/> |
| m. | Line Markers | <input checked="" type="checkbox"/> |
| n. | Liaison with Public Officials | <input type="checkbox"/> |
| o. | Leak Surveys | <input checked="" type="checkbox"/> |
| p. | MOP | <input type="checkbox"/> |
| q. | MAOP | <input type="checkbox"/> |
| r. | Moving Pipe | <input type="checkbox"/> |
| s. | New Construction | <input type="checkbox"/> |
| t. | Navigable Waterway Crossings | <input type="checkbox"/> |
| u. | Odorization | <input type="checkbox"/> |
| v. | Overpressure Safety Devices | <input type="checkbox"/> |
| w. | Plastic Pipe Installation | <input type="checkbox"/> |
| x. | Public Education | <input type="checkbox"/> |
| y. | Purging | <input type="checkbox"/> |
| z. | Prevention of Accidental Ignition | <input type="checkbox"/> |

- | | | |
|----|-----------------------------|-------------------------------------|
| A. | Repairs | <input type="checkbox"/> |
| B. | Signs | <input checked="" type="checkbox"/> |
| C. | Tapping | <input type="checkbox"/> |
| D. | Valve Maintenance | <input checked="" type="checkbox"/> |
| E. | Vault Maintenance | <input type="checkbox"/> |
| F. | Welding | <input type="checkbox"/> |
| G. | OQ - Operator Qualification | <input checked="" type="checkbox"/> |
| H. | Compliance Follow-up | <input type="checkbox"/> |
| I. | Atmospheric Corrosion | <input checked="" type="checkbox"/> |
| J. | Other | <input type="checkbox"/> |

Evaluator Notes:

The inspector did a good job observing the operation of emergency valves, leak checks, leak surveys, ROW conditions, line markers, and pipeline locating. Both inspectors did a good job of communicating with the operator when they identified possible safety issues and probable violations found during the inspection.

Total points scored for this section: 12
Total possible points for this section: 12



PART H - Interstate Agent State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|--|---|---|
| 1 | Did the state use the current federal inspection form(s)?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

MPSC personnel consistently use IA for both Integrated inspections and construction.

- | | | | |
|----------|---|---|---|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

MPSC personnel has done a very good job of documenting the results of their inspections.

- | | | | |
|----------|--|---|---|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

No issues.

- | | | | |
|----------|---|---|---|
| 4 | Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

MPSC has done an good job of identifying and working with PHMSA CR in processing the violations.

- | | | | |
|----------|---|---|---|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

When the situation arises, MPSC will immediately notify PHMSA.

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|----------|--|---|---|
| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

MPSC does a good job of submitting the reports in a timely manner.

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|----------|---|---|---|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

MPSC does a good job in providing evidence to back up the issues noted and submitted to PHMSA.

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|----------|--|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

MPSC personnel have done an good job communicating with PHMSA and making sure we get the information we need to process the NOPVs. So far, there have been 5 MPSC letters ranging from NOAs to NOPVs with PCPs and PCOs. Further, 2 more NOPVs with PCPs and PCOs are still in que sitting with HQ for approval to send. Also, MPSC does a good job of keeping PHMSA informed of all SRCR that are sent by the state's operators.

Total points scored for this section: 7

Total possible points for this section: 7



PART I - 60106 Agreement State (If Applicable)**Points(MAX) Score**

- | | | | |
|----------|--|---|----|
| 1 | Did the state use the current federal inspection form(s)?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

- | | | | |
|----------|--|---|----|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
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Evaluator Notes:

The MPSC does not have a 60106 agreement.

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|----------|--|---|----|
| 3 | Were any probable violations identified by state referred to PHMSA for compliance?
(NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

- | | | | |
|----------|---|---|----|
| 4 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|---|---|----|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

- | | | | |
|----------|--|---|----|
| 5 | Did the state give written notice to PHMSA within 60 days of all probable violations found?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

- | | | | |
|----------|--|---|----|
| 6 | Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations?
Yes = 1 No = 0 Needs Improvement = .5 | 1 | NA |
|----------|--|---|----|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

- | | | | |
|----------|--|-----------|-----------|
| 7 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

The MPSC does not have a 60106 agreement.

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