

Gas Service Lines Connected to Non-Distribution Facilities

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Gas Service Lines

- The Basics: Definitions
- History of Free Gas Users in Storage Fields
- MPSC Case No. U-17585
 - MAE Involvement in Case No. U-17585
- Next Steps in Case No. U-17585

A scenic photograph of a sunset over the ocean. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water. The sky is filled with soft, colorful clouds in shades of orange, red, and purple. The ocean is calm, and the overall atmosphere is peaceful and serene.

Gas Service Lines

§192.3 Definitions.

Service line means a distribution line that transports gas from a common source of supply to an individual customer, to two adjacent or adjoining residential or small commercial customers, or to multiple residential or small commercial customers served through a meter header or manifold. A service line ends at the outlet of the customer meter or at the connection to a customer's piping, whichever is further downstream, or at the connection to customer piping if there is no meter.

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What is a Customer?

§192.3 Definitions.

Customer meter means the meter that measures the transfer of gas from an operator to a consumer.

R 460.20102 Definitions.

(c) “Customer” means a person or company who purchases gas from a distributor for the person’s or company’s own use or for the use of a tenant, or both.

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Free Gas Users

What is a Free Gas User?

- A consumer of free gas as negotiated in exchange for oil and gas leases, gas storage rights, or other property use rights.

Is a Free Gas User a customer?

- Yes, the customer originally entered into a contract allowing for free gas entitlements in **exchange** for other rights granted to the gas facility operator.

What are Free Gas Users entitled to?

- All customers are entitled to the safe and reliable delivery of gas in accordance with 49 CFR Part 192 and the Michigan Gas Safety Standards.

History of Free Gas Users Associated with Storage Fields

Consumers Energy

Field Name	Users	Year Converted
Cranberry Lake	19	1948
Hessen	3	1976
Ira	2	1961
Lenox	6	1965
Overisel	128	1960
Riverside	30	1952
Salem	67	1963
Winterfield	68	1947

TransCanada

Field Name	Users	Year Converted
Austin	4	1941
Freeman	8	1950
Goodwell	26	1948
Lincoln	2	1950
Loreed	24	1963
Reed City	40	1947
Winfield	9	1950
Capac	34	1978

DTE Gas Company

Field Name	Users	Year Converted
Belle River	29	1965
Columbus	2	1971
Six Lakes	24	1953

History of Free Gas Users Associated with Storage Fields

Examples of typical clause language:

As a further consideration for this conveyance, Second Party agrees that First Party shall have gas free of charge from any one gas well hereafter drilled by Second Party on any of said lands for all stoves and inside lights in the principal dwelling house on said land at the time said well is drilled, during the time that dry natural gas is being produced thereon from any formation down to and including the Marshall formation or stored therein by Second Party, provided that First Party make and maintain connection with said well at First Party's own risk and expense.



History of Free Gas Users Associated with Storage Fields

Examples of typical clause language:

Party of the first part may lay a line to any gas-producing or storage well on said lands and take gas therefrom free of cost not exceeding 250,000 cubic feet annually, for use for light, heat and gas appliances in one dwelling-house on said land at first party's own cost and expenses, subject to the use and right of abandonment of the well, or wells, on said lands by the party of the second part. Measurement and registration shall be by meter set by party of the second part.



History of Free Gas Users Associated with Storage Fields

Storage Operator is generally responsible for:

- *Free Gas Connection*
- *Pressure Regulator*
- *Over-pressure Protection*
- *Free Gas Meter at wellhead*

Customer is generally responsible for:

- *Operation and maintenance of service line*
- *House/structure connection*



History of Free Gas Users Associated with Storage Fields

How have Storage Operators reduced the number of Free Gas Users?

- Offers by operators to purchase free gas rights from property owners
- Real Estate Transactions
- Routine Plugging & Abandonment of storage wells

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October 7, 2015 Commission Order

ORDER

The Commission's Gas Safety Staff (Staff) has consulted with the federal Pipeline and Hazardous Materials Safety Administration about the existence of gas service lines connected directly to gas storage fields, transmission pipelines, regulated and unregulated gathering lines, oil and gas wells, and gas processing facilities that are serving residential or commercial gas consumers. According to the Staff, these connections often occur when the pipeline or storage field operator provides natural gas to a property owner in lieu of paying for a right-of-way across the property.



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What potential concerns are related to these types of connections?

- Gas provided is not odorized
- Pressure regulators are not properly installed or maintained
- Emergency valves are not present or are not operable
- Metallic lines that are not cathodically protected
- Leak survey
- Damage prevention



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To assess the scope of issues related to non-distribution service lines, the Commission opened the docket on its own motion and directed operators to respond to a request for information detailing:

- The number and locations of residences or structures receiving gas as described
- The specific type of interconnection and source of gas for each connection
- The safety equipment (i.e., odorizers, regulators, valves) installed at each connection

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ATTACHMENT 1

NAME OF COMPANY _____ ADDRESS _____

NAME OF PERSON WHO COMPLETED THIS FORM _____

TELEPHONE NUMBER _____ EMAIL ADDRESS _____

NAME AND ADDRESS OF GAS CONSUMER	TYPE OF STRUCTURE ¹	TYPE OF CONNECTION ²	IS THE GAS ODORIZED? (49 CFR 192.625)	IS THERE A REGULATOR ON THE SERVICE LINE? (49 CFR 192.195)	ARE THERE EMERGENCY SHUTOFF VALVES ON THE LINE? (49 CFR 192.181)	IF METALLIC, IS THE LINE CATODICALLY PROTECTED? (49 CFR § 192 SUBPART I)	IS THE LINE LEAK SURVEYED? (49 CFR 192.723)

¹ Residence, outbuilding, commercial building, or other (specify).

² Gas well, oil well, processing facility, transmission pipeline, gathering line, fuel line, lift line, storage field, or other (specify).

MICHIGAN GAS SAFETY STANDARDS ARE AVAILABLE AT: <http://www.dleg.state.mi.us/mpsc/gas/download/ssguide.pdf>

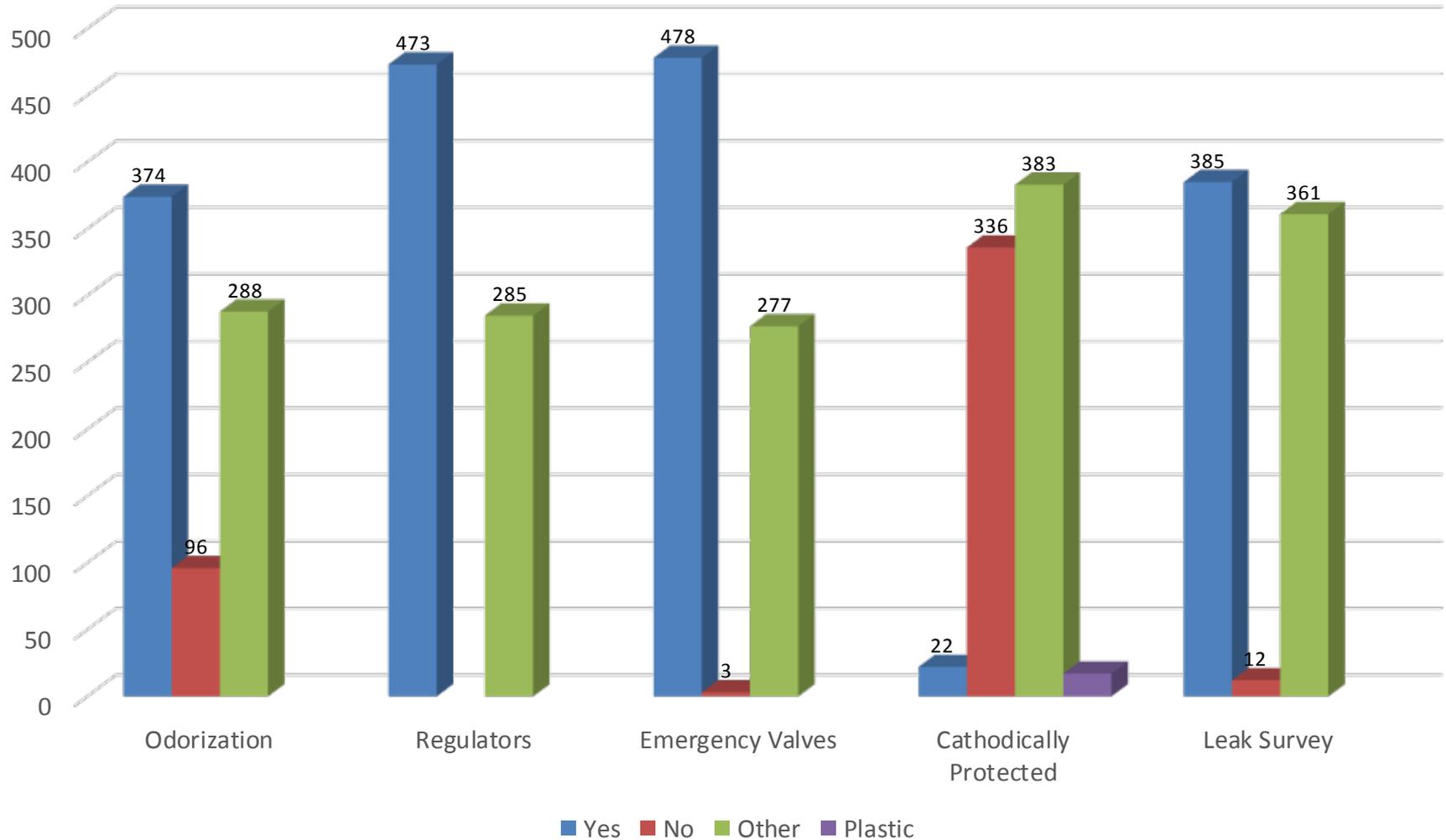
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Status of Responses

- 279 operators have supplied responses
 - 65 operators positively identifying connections as described in Commission Order
 - 758 total connections identified
 - 533 storage connections
 - Production well operators ranging from 1 to 50 connections
 - Many domestic use wells

MPSC Case No. U-17585



The background of the slide features a scenic sunset over a body of water, with the sun low on the horizon, casting a warm glow across the sky and reflecting on the water's surface. The title text is overlaid on this background in a bright yellow color.

Michigan Agency for Energy Involvement in Case No. U-17585

- MAE alerted Governor's office of safety issue related to homes with natural gas service lacking key safety equipment
- Actions taken by MAE:
 - Developed a "Natural Gas Safety Warning" letter to be distributed to property owners, including hand delivery of letters by DNR officers where necessary
 - Worked with natural gas organizations and operators for further notifications to property owners
 - Strongly encouraged operators to bring facilities into compliance with the applicable safety regulations prior to the beginning of the 2016/2017 heating season

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What are the next steps we can expect to be taken by the MPSC in Case No. U-17585?

- Interim Order requesting additional information for connections lacking key safety measures
- Final Order providing determination of responsible party for compliance with safety regulations
- Follow-up inspections addressing compliance in accordance with the determination of responsible party
- Potential rulemaking based on Final Order determination

Questions or Comments?





Thank You!

