



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

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DANIEL C. SCRIPPS
COMMISSIONER

TO: Michigan Intrastate Pipeline Operators

FROM: David J. Chislea, Manager
Gas Operations Section
Energy Operations Division

DATE: November 19, 2019

SUBJECT: 2020 Gas Safety Inspections and Program Updates

Enclosed for your information are the following:

1. A copy of the inspection forms the Staff will be using for 2020. Please note that the rules listed on the forms are the minimum rules to be inspected in 2020. In addition to the 2020 first and second half inspections, Staff may also conduct additional specialized inspections in 2020. Inspections to be conducted in 2020 include but are not limited to:
 - a. First and Second Half Inspection – Inspections have been updated to include individual questions for Procedure, Record, and Observation elements of the inspected rules.
 - b. Field Inspections – Inspections may include field inspection items. Required field inspection items include, but are not limited to, an evaluation of corrosion control, leakage surveys, overpressure protection and pressure regulating equipment, odorization levels and equipment, repaired and/or active leaks, emergency valves, and emergency response. Planned field inspection items for 2020 include overpressure protection and pressure regulation equipment inspection.
2. Commission Order U-17826, states that Commission Staff is required, in order to comply with the Guidelines for States Participating in the Pipeline Safety Program, to “develop a risk-based procedure for scheduling when an inspection unit is to be evaluated” and must use “information available from the operator’s annual reports.” As mentioned at the 2019 MPSC Pipeline Safety Conference, Staff is still intending on switching to a risk-based inspection process, whereupon each inspection unit within the State will have its own risk profile which will be used to develop a supplemental risk-based inspection. However, before this process is implemented, Staff will be creating a technical workgroup with operator participation to vet the

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process and ensure alignment on its execution. This workgroup will be created in 2020 and updates will follow. In the interim, Staff has developed a preliminary methodology for meeting this requirement that leverages the information from annual reports broken up by inspection region. Staff will issue future correspondence that outlines the regions that data is expected; however, in large part it is intended to replicate the data provided in 2019 to the MPSC. Any differences will be highlighted. Please look for additional information in December if you are an operator with multiple regions.

3. Staff is intending on switching from the current four-year standard inspection cycle to a five-year standard inspection cycle in 2021. This five-year cycle format will take several years to fully implement, and inspection of some rules may occur more frequently during the implementation period. In the event this process is not fully implemented, future correspondence will notify you of any changes. This is in preparation for the risk-based inspection process.
4. Special inspections are switching to a quarterly cycle format where a quarter of the pipeline operators in the State will be inspected each year. This quarterly cycle format will take several years to fully implement, and some special inspections may occur more frequently during the implementation period. Inspections that will fall into the quarterly cycle format include: Drugs and Alcohol, Operator Qualification, Control Room Management, and Integrity Management. Operators will be notified of any special inspection that will occur in 2020 in future correspondence.
5. An updated MPSC Contact list for telephonically reporting gas incidents (dated November 18, 2019). Staff is intending on switching to an incident notification system which utilizes a single phone number in 2020. Further information will be provided in future correspondence.
6. An updated list of general contact information for the MPSC Gas Safety Staff (dated November 18, 2019). **Please do not use this list for reporting incidents.**

The Annual Report forms for both distribution and transmission/gathering line operators can be found on PHMSA's website at: <https://www.phmsa.dot.gov/forms/operator-reports-submitted-phmsa-forms-and-instructions>. Annual Report forms for all covered operators are due by March 15, 2020. Distribution operators should also be reminded that all Mechanical Fitting Failure Report forms for 2019 are also due by March 15, 2020. These forms should be electronically submitted to PHMSA at: <http://portal.phmsa.dot.gov/>.

The Michigan Gas Safety Standards (MGSS) require that any report filed with PHMSA must be concurrently filed with the MPSC. The Gas Operations Section encourages paperless submission of any and all correspondence directly to our e-mail address: LARA-MPSC-Operations@michigan.gov.

Alternatively, correspondence can still be mailed to the following address:

Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

The MPSC offices are located at the following address:

Michigan Public Service Commission
7109 West Saginaw Hwy
Lansing, MI 48917

When there are changes regarding which Staff has inspection responsibility for a company/unit, it will be addressed in a specific notice to those companies. If unsure of who has inspection responsibility for your company/unit, please inquire.

Please provide the Staff with an updated contact list for your company. You can provide this electronically to LARA-MPSC-Operations@michigan.gov or mail it to the attention of the Gas Operations Section at the Lansing office address.

This information has been provided to expedite inspections. If you have questions regarding the attached information, please contact Ms. Eleanor Mundorf at mundorfe@michigan.gov or at 734-429-9901.

Enclosures

cc: Gas Safety Engineers