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TO: Michigan Intrastate Pipeline Operators

FROM: David J. Chislea, Director
Gas Safety and Operations Division

DATE: February 10, 2023

SUBJECT: 2023 Gas Safety Pipeline Inspections and Program Updates

2023 Planned Inspections¹

1. **Standard** –
 - a. **First and Second Half** – Inspection forms have been updated to include individual questions for Procedure, Record, and Observation elements for the inspected rules.
 - b. **Field Observation of Corrosion Control** – Inspections may also include an evaluation of leakage surveys, overpressure protection and pressure regulating equipment, odorization levels and equipment, repaired and/or active leaks, emergency valves, and emergency response.
2. **Risk-Based²** – Staff will be conducting Risk-Based Inspections, whereupon each inspection unit within the State will have its own risk profile, which will be used to develop a supplemental risk-based inspection. In a future correspondence, operators will be individually notified of any Risk-Based Inspection that will occur in 2023 and the inspection form(s) will be provided at that time.
3. **Specialized** – These inspections include Drug and Alcohol, Operator Qualification, Control Room Management, and Integrity Management. Specialized Inspections are being conducted in a four-year cycle where one quarter of the pipeline operators in the State will be inspected each year. This four-year cycle is taking several years to fully implement, and some Specialized Inspections may occur more frequently during the implementation period. In a future correspondence, operators will be individually notified of any Specialized Inspections that will occur in 2023 and the inspection form will be provided at that time.

¹ The rules/questions included are the minimum to be inspected in 2023. Additional inspections may be necessary as findings or concerns arise.

² The federal “Guidelines for States Participating in the Pipeline Safety Program” requires risk-based inspections of units using “information available from the operator’s annual reports.”

4. **New Federal Rules**³ – These inspections include federal rulemaking effective July 1, 2020, which includes regulations for Safety of Gas Transmission Pipelines, MAOP Reconfirmation, Expansion of Assessment Requirements, and other related amendments. Staff started conducting these inspections in 2022 and will continue with different operators in 2023. In a future correspondence, operators will be individually notified if this inspection will occur in 2023 and the inspection form will be provided at that time.
5. **New Gathering Line Rules**⁴ – These inspections will include an initial review of operators’ annual reports and determination of regulated facilities. In a future correspondence, operators will be individually notified if onsite inspections will occur in 2023 and if inspection form(s) are developed, they will be provided at that time.
6. **Construction**⁵ – These inspections will include main, service, and transmission replacement projects; repairs; maintenance; inspection and remediation; and new facilities. In a future correspondence, operators will be individually notified if these inspections will occur in 2023 and the inspection form(s) will be provided at that time.

In 2023, there have been some changes with regards to which Staff has inspection responsibility for a specific operator/unit. Staff will be individually contacting operators to notify of those specific changes. If there is uncertainty with regards to which Staff has inspection responsibility for your company/unit, please inquire.

2022 Advisory Bulletin

For awareness, on June 2, 2022, Pipeline and Hazardous Materials Safety Administration (PHMSA) issued the following advisory bulletin: **Potential for Damage to Pipeline Facilities Caused by Earth Movement and Other Geological Hazards.**⁶ SUMMARY: PHMSA is issuing this updated advisory bulletin to remind owners and operators of gas and hazardous liquid pipelines, including supercritical carbon dioxide pipelines, of the potential for damage to those pipeline facilities caused by earth movement in variable, steep, and rugged terrain and terrain with varied or changing subsurface geological conditions. Additionally, changing weather patterns due to climate change, including increased rainfall and higher temperatures, may impact soil stability in areas that have historically been stable. These phenomena can pose a threat to the integrity of pipeline facilities if those threats are not identified and mitigated. Owners and operators should consider monitoring geological and environmental conditions, including changing weather patterns, in proximity to their facilities.

³ [84 FR 52247](#), Oct. 1, 2019, and [85 FR 40134](#), July 6, 2020.

⁴ [86 FR 63295](#), Nov. 15, 2021, and [87 FR 26299](#), May 4, 2022.

⁵ The federal “Guidelines for States Participating in the Pipeline Safety Program” requires “At least 20% of Inspection Person-Days each year must be spent on Design, Testing and Construction Inspections.”

⁶ [87 FR 33576](#), Docket No. PHMSA-2022-0063.

Data/Report Submittals

Submission Addresses

The Michigan Gas Safety Standards (MGSS) require that any report filed with PHMSA must be concurrently filed with the Michigan Public Service Commission (MPSC). The Gas Safety and Operations Division encourages paperless submission of any and all correspondence directly to our e-mail address: LARA-MPSC-Operations@michigan.gov. If responding to an existing case, please use the same email address (LARA-MPSC-Operations@michigan.gov) and include the case reference number (ref: _xxxxxx:ref) in the email so that your response will be directed to the appropriate case.

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

Annual Reports

The annual reports 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>. The 2022 annual reports for all regulated operators are due by March 15, 2023. For distribution operators, 49 CFR 192.12 was rescinded from the federal regulations and the Mechanical Fitting Failure Report is no longer a required submittal. These forms should be electronically submitted to PHMSA at: <http://portal.phmsa.dot.gov/>.

In addition to the federal annual report requirements, Michigan Rule 460.20504 requires an operator to provide a supplemental report to the Staff subdivided into specific regions identified by the Staff. This allows the Staff to develop the required Risk-Based Inspections discussed above. Staff's risk-based assessment program does not currently utilize all the fields required in the federal annual reports. To facilitate indicating which data fields Staff requires, the attached templates (Excel spreadsheets) utilize the same format as PHMSA with additional highlighting on columns to indicate data fields that are currently required for Staff's risk program. Blue cells indicate a required data field for the current risk program and the hidden purple cells indicate data fields that are not currently being utilized but may in a future enhancement. If Staff intends to utilize any additional data fields in the future, that information will be communicated with operators at that time. Staff's definition of regions has not changed; continue to provide the data as you have in the past, utilizing Staff's unit list as the regions. By March 15, 2023, please compile and provide all blue data fields by region into the respective templates, such that an

operator with both distribution and transmission facilities will only submit two spreadsheets but will have a row for each region.

When initially submitting your 2023 annual reports, please provide them electronically to LARA-MPSC-Operations@michigan.gov or the mailing address above. The Staff would like a new case created for each operators' 2023 reports, so for the initial submission, please send a new email using LARA-MPSC-Operations@michigan.gov without any reference numbers or responding to any previous emails. Supplemental or corrected filings should be submitted using the reference number generated from the initial submittal so the information is directed into the appropriate case.

Contact List

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 and Safety Division at the Lansing office address listed above.

National Response Center Updates

Notice of incidents per 49 CFR 191.5 requires an operator to revise or confirm its initial telephonic notice within 48 hours. Please provide a copy of the National Response Center (NRC) update report to the Staff person that the incident was initially reported to and the Staff person responsible for inspections of that operator/unit.

Damage Prevention Data

Public Act 174 of 2013, MISS DIG Underground Damage Prevention and Safety Act, and R 460.40 requires that the MPSC establish requirements for reporting damage to underground facilities. All underground facility owners and operators are required to submit quarterly reports by the 15th day of the second month following each quarter, such that first quarter data is due May 15th, second quarter data is due August 15th, third quarter data is due November 15th, and fourth quarter data is due February 15th of the following year. If you have any questions concerning submitting quarterly damage data, please contact Ms. Cynthia Creisher at creisher@michigan.gov or 517-275-2823.

In order to have more accurate damage data, operators are requested to reconcile damage data reported in Gas Distribution Annual Report, Part D – Excavation Damage from 2015 through the current reporting year to reduce inaccurate reporting of the “Other” category. **Prior to submission of the Annual Report for calendar year 2022, ensure excavation damage data is reviewed for accuracy and completeness.**

Updated Pipeline Safety Regulations

On February 1, 2022, the 25th Edition of the Michigan Gas Safety Standards were effective adopting PHMSA standards 49 CFR Part 40, 49 CFR Part 191, 49 CFR Part 192, and 49 CFR Part 199 as published on October 1, 2020. The Guide for the 25th Edition of the Michigan Gas

Safety Standards is under development and will be published soon. The final rules contained in the 25th Edition of the MGSS can be found on the MPSC website and the federal rules can be found on the eCFR.gov website.⁷

Attachments

1. 2023 First Half Inspection Form.
2. 2023 Second Half Inspection Form.
3. Field Observation checklist for Corrosion Control.
4. Distribution Annual Reporting by Unit (Region) Template.
5. Transmission Annual Reporting by Unit (Region) Template.
6. An updated MPSC Gas Safety Staff Contact List dated January 24, 2023. Please exclusively use the incident notification phone number (517-284-8230) for reporting incidents.

Intrastate Underground Natural Gas Storage operators, please be advised that individual letters will be sent to each operator with notification of 2023 inspections.

This information has been provided to facilitate inspections. If you have questions regarding the attached information, please contact Mr. Timothy Dombrowski at dombrowskit@michigan.gov or 517-281-2142.

Enclosures

cc: Gas Safety Engineers

⁷ <https://www.michigan.gov/mpsc/consumer/natural-gas/michigan-gas-safety-standards> and <https://www.ecfr.gov/current/title-49>.