

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 11, 2015

Mr. Robert A. Richard
Senior Vice President Gas Operations
DTE Gas Company
One Energy Plaza
Detroit, Michigan 48226

CPF 3-2015-1004

Dear Mr. Richard:

On December 1-5, 2014, representatives of the Michigan Public Service Commission (MIPSC) acting as an interstate agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your records and facilities for the Vector/DTE pipeline in Michigan.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §192.465 External corrosion control: Monitoring.

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

DTE did not take prompt remedial actions when the wires for Test Point 109 and 109.5 at a foreign line crossing were found broken on November 24, 2010. Review of the cathodic protection records found that no remedial action was documented for 2011 or 2012. On October 25, 2013, the annual test point readings showed that they were repaired.

2. §192.709 Transmission lines: Record keeping.

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

DTE did not provide any inspection records for 2010, 2011, and 2012 for the Operator/Monitor regulators located at the Belle River Station. DTE's 2010 annual report shows that they were the operators of the line in 2010. DTE personnel indicated that the inspections were probably done, but they had no records of the inspections.

Additionally, while reviewing the mainline valve inspection reports, it was noted that DTE personnel did not document that Valve F5 was operated in 2010 and F11 was operated in 2012.

3. §192.921 How is the baseline assessment to be conducted?

(a) Assessment methods. An operator must assess the integrity of the line pipe in each covered segment by applying one or more of the following methods depending on the threats to which the covered segment is susceptible. An operator must select the method or methods best suited to address the threats identified to the covered segment (See §192.917).

(1) Internal inspection tool or tools capable of detecting corrosion, and any other threats to which the covered segment is susceptible. An operator must follow ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 6.2 in selecting the appropriate internal inspection tools for the covered segment.

DTE did not follow ASME/ANSI B.318S Section 6.2.5(b)(5) which indicates that *“flow rate of the gas will influence the speed of the ILI tool inspection. If speeds are outside of the normal ranges, resolution can be compromised. Total time of inspection is dictated by inspection speed, but is limited by the total capacity of batteries and data storage available on the tool. High temperatures can affect tool operation quality and should be considered.”* On the Milford to Belle River Loop (F) in-line inspection tool (ILI) run, DTE's ILI speed exceeded the recommended specifications for that tool.

The 2013 ROSEN Tool report indicated that the maximum tool velocity was 14.40 feet per second with an average of 10.07 feet per second. The design parameters of the tool was set at 0.33 to 9.84 feet per second. The ROSEN report also states that in areas where

the velocity is out of range, the ROSEN standard accuracy might not be achieved. Subsequent verification digs found that the tool over-called the anomaly depths and ROSEN is now reevaluating the data.

Proposed Civil Penalty

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$31,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$18,900
2	\$12,900

Warning Items

With respect to item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct this item. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within thirty (30) days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2015-1004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Compliance Proceedings*