NOTICE OF AMENDMENT

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 3-2015-1003M

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) pursuant to Chapter 601 of 49 United States Code inspected DTE Gas Company's (DTE) Integrity Management and Operator Qualification procedures for the Vector/DTE pipeline in Michigan.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within DTE's plans or procedures, as described below:

1. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

DTE's Operator Qualification procedures did not include a thorough evaluation for the hot tap qualification task. DTE's qualification only requires a knowledge based test. For hot taps, a performance or simulation test must be included in the evaluation.

2. 192.911 What are the elements of an integrity management program?

An operator's initial integrity management program begins with a framework (see § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S [incorporated by reference, see § 192.7] for more detailed information on the listed element.)

(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.

§192.917(c) requires that an operator must conduct a risk assessment that follows ASME/ANSI B31.8S, section 5, and considers the identified threats for each covered segment. An operator must use the risk assessment to prioritize the covered segments for the baseline and continual reassessments (§192.919, §192.921, §192.937), and to determine what additional preventive and mitigative measures are needed (§192.935) for the covered segment.

DTE's Integrity Management (IM) plan identifies incorrect operations as a threat to the pipeline in section 4.2.1 on page 9. However, in the comments section, the plan indicates that incorrect operations is managed through other means and not considered in risk ranking or assessments. The plan should always consider incorrect operations in the risk ranking and define what other means are used to manage this risk.

3. §192.911 What are the elements of an integrity management program? (See above)

(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§ 192.917) and to evaluate the merits of additional preventive and mitigative measures (§ 192.935) for each covered segment.

§192.917(e)(5) indicates that if an operator identifies corrosion on a covered pipeline segment that could adversely affect the integrity of the line (conditions specified in §192.933), the operator must evaluate and remediate, as necessary, all pipeline segments (both covered and non- covered) with similar material coating and environmental characteristics. An operator must establish a schedule for evaluating and remediating, as necessary, the similar segments that is consistent with the operator's established operating and maintenance procedures under part 192 for testing and repair.

DTE's IM plan considers corrosion as an integrity threat to its pipeline. However, the IM plan did not contain any procedures for addressing corrosion.

4. §192.911 What are the elements of an integrity management program? (See above)

(e) Provisions meeting the requirements of §192.933 for remediating conditions found during an integrity assessment.

§192.933(d)(1) requires that for immediate repair conditions. An operator's evaluation and remediation schedule must follow ASME/ANSI B31.8S, section 7 in providing for immediate repair conditions.

DTE's IM procedures did not indicate that all indications of stress corrosion cracks (SCC) require an immediate action. ASME B.318S-2004 states that "All indications of stress corrosion cracks require immediate response." Section 7.1 of 13-SWI-011-0053 of the DTE IM plan defines the specifications for an immediate repair. SCC was not included in this procedure.

5. §192.911 What are the elements of an integrity management program? (See above)

(f) A process for continual evaluation and assessment meeting the requirements of §192.937.

§192.937(b) requires valuation that the operator must conduct a periodic evaluation as frequently as needed to assure the integrity of each covered segment. The periodic evaluation must be based on a data integration and risk assessment of the entire pipeline as specified in §192.917. For plastic transmission pipelines, the periodic evaluation is based on the threat analysis specified in §192.917(d). For all other transmission pipelines, the evaluation must consider the past and present integrity assessment results, data integration and risk assessment information (§192.917), and decisions about remediation (§192.933) and additional preventive and mitigative actions (§192.935). An operator must use the results from this evaluation to identify the threats specific to each covered segment and the risk represented by these threats.

DTE needs more specific procedures for continual evaluation in Section 7 of their IM plan. Review of the continual evaluation and assessment of time dependent threats found that the documentation of this evaluation was not well organized. The procedures should define what is being reviewed, who is to review it, how this will be documented, and the results of the evaluation.

6. §192.911 What are the elements of an integrity management program? (See above)

(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.

§192.935(a) General requirements – requires that an operator must take additional measures beyond those already required by Part 192 to prevent a pipeline failure and to mitigate the consequences of a pipeline failure in a high consequence area. An operator must base the additional measures on the threats the operator has identified to each pipeline segment.

DTE needs more specific procedures to determine which preventative and mitigative (P&M) measures should be implemented. In Section 9 of the DTE IM Plan, it states that the field supervisor will review (or select) the P&M measure(s) for any threat that does not have a "Low Level." However, the procedure does not define "Low Level" and as such, it is not clear as to what requires P&M measures and what does not.

7. §192.911 What are the elements of an integrity management program? (See above)

(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.

§192.935(b) Third party damage and outside force damage requires that an operator must enhance its damage prevention program, as required under §192.614 of this part, with respect to a covered segment to prevent and minimize the consequences of a release due to third party damage.

DTE determined that the pipeline is not susceptible to outside force damage (e.g., earth movement, floods, unstable suspension bridges). However, the risk model does calculate a value for this potential risk. The procedure does not specify when the risk value is high enough to warrant additional P&M measures. This guidance should be included in the procedure.

8. §192.911 What are the elements of an integrity management program? (See above)

(j) Record keeping provisions meeting the requirements of §192.947.

§192.947(a) requires that an operator maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.

(a) A written integrity management program in accordance with §192.907;

DTE's procedures in Section 11.0 do not indicate that P&M records will be kept for the life of the pipeline. For instance, the bimonthly aerial patrols that DTE is performing for §192.935(a) need to be kept for the life of the pipeline. DTE personnel indicated that these would be kept for 5 years and that is what is written in the binder where these are housed. This should be changed to the useful life of the facility and added to the IM manual.

9. §192.911 What are the elements of an integrity management program? (See above)

(k) A management of change process as outlined in ASME/ANSI B31.8S, section 11.

Section 12 of the DTE IM plan does not define how the management of change process will be documented. Additionally, the IM plan does not state that the following are to be provided as required by Section 11 of ASME B.31.8S:

1) Authority for approving changes;
2) Analysis of implications;
3) Acquisition of required work permits;
4) Communication of the change to affected parties, time limitations;
5) Qualification of staff

10. §192.911 What are the elements of an integrity management program? (See above)

(l) A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

The procedure located in Section 3.2 of 13-SWI-011-0053_ILI gives internal requirements for DTE employees, but does not state what constitutes qualifications for outside vendors, particularly those who analyze pig data. While the procedure references qualification standards (ANSI/ANST ILI-PQ-2005 and API 1163), there is nothing that specifies the requirement (level) of the analysts.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. §60108(a) and 49 C.F.R. §190.237. 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. Be advised that all material you submit in response to this enforcement action is subject to being 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 90 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that DTE Gas Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Allan C. Beshore, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 3-2015-1003M** 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

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