



U.S. Department  
of Transportation  
  
**Pipeline and  
Hazardous Materials  
Safety Administration**

840 Bear Tavern Road, Suite 300  
West Trenton, NJ 08628  
609.771.7800

## **NOTICE OF AMENDMENT**

### **OVERNIGHT EXPRESS DELIVERY**

November 7, 2019

Ms. Mary Polkovich  
VP Energy Delivery  
Consumers Energy Co.  
1945 W. Parnall Road  
Jackson, MI 49201

**CPF 1-2019-0014M**

Dear Ms. Polkovich:

From May 7-9, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Consumers Energy Co's (Consumers) procedures for Underground Natural Gas Storage in Jackson, Michigan.

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

**1. § 192.12 Underground natural gas storage facilities.**

(a) ....

(c) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.

Consumers' written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, Consumers' Storage Integrity Management Program (SIMP), Section 2.1.8 did not include assessing plugged and abandoned third party wells in accordance with API RP 1171, Section 8.3.2 Data Sources (Section 8.3.2).

Section 8.3.2 states in part:

The operator shall use available information such as performance data collected through the field history, operations and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.

At the time of the inspection, Consumers' SIMP failed to address plugged and abandoned third-party wells.

**2. § 192.12 Underground natural gas storage facilities.**

(a) ....

**(e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.**

Consumers' written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, Consumers did not assess threat and hazard interaction in their SIMP or in their Risk Model, as required by API RP 1171, Section 8.3.2.

Section 8.3.2 states in part:

The operator shall use available information such as performance data collected through the field history, operations and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.

At the time of the inspection, Consumers' procedures failed to address the threat and hazard interaction requirement of API RP 1171, Section 8.3.2.

**3. § 192.12 Underground natural gas storage facilities.**

(a) ....

**(e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.**



Consumers' written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, Consumers failed to establish procedures for monitoring all annular gas by measuring and recording annular pressure and/or annular gas flow, or procedures for addressing integrity where the well annulus cannot be monitored, in accordance with API RP 1171, Section 9.3.2 Well Integrity Monitoring (Section 9.3.2).

Section 9.3.2 states in part:

The operator shall monitor for presence of annular gas by measuring and recording annular pressure and/or annular gas flow. The operator shall evaluate each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels determined from well integrity evaluation and from risk assessment.

At the time of the inspection, Consumers procedures failed to address the requirement of API RP 1171, Section 9.3.2, including monitoring all annular gas and evaluating each annular gas occurrence that exceeds operator defined thresholds.

4. **§ 192.12 Underground natural gas storage facilities.**

(a) ....

**(e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.**

Consumers' written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, Consumers did not address equipment failures in their emergency plan, as required by API RP 1171, Section 10.6.1 Emergency Preparedness/Emergency Response Plan (Section 10.6.1).

Section 10.6.1 states in part (emphasis added):

For site security and safety, the operator shall develop and implement a structured emergency preparedness/response plan in order to address accidental releases, **equipment failures**, natural disasters, and third-party emergencies.

At the time of the inspection, Consumers' emergency procedures failed to address equipment failures in accordance with API RP 1171, Section 10.6.1.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement 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



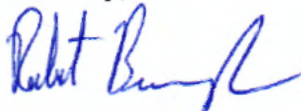
treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 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 Consumers Energy Co maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-0014M** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to [robert.burrough@dot.gov](mailto:robert.burrough@dot.gov). Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,



Robert Burrough  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

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