



BLUEWATER GAS STORAGE

A PAA Natural Gas Storage Company

May 8, 2017

Certified Mail No: 7010 1870 0001 4726 3317

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration
901 Locust Street, Suite 462
Kansas City, Missouri 64106-2641

**Subject: Notice of Amendment CPF 3-2017-1005M
Bluewater Gas Storage, LLC**

Dear Mr. Beshore,

On April 10, 2017, Bluewater Gas Storage, LLC (Bluewater), received a Notice of Amendment (NOA), CPF 3-2017-1005M dated April 5, 2017, from the Pipeline and Hazardous Materials Safety Administration (PHMSA) concerning a Michigan Public Service Commission investigation of Bluewater Pipeline in Michigan. This NOA identified apparent inadequacies found with Bluewater plans or procedures. The following are the specific inadequacies from the NOA identified by boldface italic *text* with the corresponding number followed by the associated Bluewater response. The Enclosure includes excerpts from amended Bluewater manuals, plans, and procedures with revisions identified by yellow highlighted text:

1. *§192.616(c) Public Awareness: (Bluewater's) procedures did not include all the baseline and supplemental requirements of API RP 1162. Specifically, (Bluewater's) procedures did not include the requirement to deliver site specific information to residents near storage facilities.*

Bluewater Response: The Public Awareness Program (PAP) includes all baseline and supplemental requirements of American Petroleum Institute Recommend Practice 1162. Table 6 of the PAP clearly identifies (1) the content of baseline and supplemental messages, which includes facility specific information and (2) the affected public who will receive those messages, which includes residents near storage facilities; page E-1 of the Enclosure is an excerpt from the PAP with the relevant portion of that table. Therefore, no revisions to the PAP were required to address this NOA item.

2. *§192.711(b)(2) Integrity management repairs: (Bluewater) did not have StrongBack® composite wraps listed in the operations and maintenance (O&M) manual as a company approved repair method. (Bluewater) used a StrongBack® composite wrap on October 5, 2010 to make an integrity management repair. O&M procedure 192.711, Section 4.1.4 stated, "Approved repair methods include: ... An approved pipe wrap system such as PermaWrap™ or Clock Spring®." (Bluewater)*

staff indicated that StrongBack® was specified for the Bluewater III (inline inspection) anomaly repair in 2010; however, they were unable to provide documentation that it had been reviewed and approved as the other repair methods listed in the O&M manual.

Additionally, (Bluewater's) O&M manual did not include procedures on how to repair dents with metal loss that are immediate repair conditions per §192.933(d)(1)(ii). (Bluewater's) O&M 192.711 Section 4.4 only addressed dents with stress concentration, but not dents with metal loss.

Bluewater Response: Bluewater amended Section 4.1.4 of Operations, Maintenance & Emergency Procedures (OM&E) Manual, Procedure 192.711–Pipeline Repair to include a list of approved composite repair manufacturers including StrongBack®. This amended section is included on page E-2 of the Enclosure. Bluewater amended Section 4.4 of OM&E Procedure 192.711–Pipeline Repair to include dent with metal loss. This amended section is included on page E-3 of the Enclosure.

3. *§192.605 (b) (4) Procedural manual for operations, maintenance, and emergencies: (Bluewater's) procedures for gathering data for reporting incidents did not include the Part 191 reporting criterion for gas loss (i.e. three million cubic feet or more) in [Chapter 700] of the O&M manual. Additionally, Section 4.5 contained Michigan Intrastate reporting thresholds which do not pertain to this facility and the address for MIPSC office was incorrect.*

Bluewater Response: Bluewater amended pages 14 and 15 of OM&E Chapter 700 to address the recommended revisions in this NOA item. Those amended pages are included on pages E-4 and E-5 of the Enclosure.

4. *§192.605(b)(8) Procedural manual for operations, maintenance, and emergencies: (Bluewater's) procedures for periodically reviewing the work done by operator personnel did not define how often this would be performed, nor did the procedures describe how the periodic review would be documented.*

Bluewater Response: Bluewater amended page 3 of OM&E Procedure 192.605 to include references to §192.605(b)(8) and §192.605(c)(4) and to clearly define the frequency for periodically reviewing the work done by operator personnel (performance review), as annually, not to exceed 15 months. The amended page 3 of OM&E Procedure 192.605 is included on Page E-6 of the Enclosure.

At the time of the MIPSC inspection, Form 244, which is used to document the performance review, had the “Review Frequency” posted at the top right side of the form. Regardless, Bluewater added instructions to Form 244, which includes text to clearly explain the frequency of the performance review. The unamended Form 244 with new instructions is included on pages E-7 through E-9 of the Enclosure.

5. *§192.605(c) (1) Procedural manual for operations, maintenance, and emergencies: (Bluewater's) O&M manual for abnormal operations did not include procedures to respond, investigate and correct the cause of an unintended valve closure, malfunction of pipeline components, and personnel error.*

Bluewater Response: Bluewater believes that the existing OM&E Procedure 192.605(c)—Abnormal Operating Condition meets the intent of the regulation. That procedure is included in the Enclosure on pages E-10 through E-14.

6. *§192.605(c)(2) Procedural manual for operations, maintenance, and emergencies: (Bluewater's) O&M manual for abnormal operations did not include procedures to check variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation. The procedure did not define how (Bluewater) would determine the critical locations and when the checks would be done.*

Bluewater Response: Bluewater believes that the existing OM&E Procedure 192.605(c)—Abnormal Operating Condition addresses the process to check variations along the entire pipeline system. That procedure is included in the Enclosure on pages E-10 through E-14. Further, it is Bluewater's practice and the procedure directs Gas Control Operators to constantly monitor the entire line for variations from normal operation, and not just to target what would be considered to be critical locations during normal operation.

7. *§192.605(c)(4) Procedural manual for operations, maintenance, and emergencies: (Bluewater's) procedures for periodically reviewing the response of operating personnel to determine the effectiveness of the procedures does not refer to the correct form to document this task. (Bluewater's) O&M manual, section 605(c) 1.9 refers to the Plains Incident Investigation Form, rather than the Abnormal Operations Report, Form 218.*

Bluewater Response: Bluewater amended page 41 of OM&E Procedure 192.605(c)—Abnormal Operating Condition to address the recommended revision in this NOA item. That amended page is included on page E-12 of the Enclosure.

8. *§192.917 (b) Integrity management program: (Bluewater's) procedures for integrity management did not include the data elements listed in ASME B31.8S Appendix A.6.2 for equipment threats. Additionally, the procedures did not describe how (Bluewater) would document the data gathering and integration.*

Bluewater Response: Bluewater will update the Risk Algorithm to include data elements for equipment threats (ASME B31.8S Appendix A.6.2). Bluewater amended Section

5.6.3 in the IMP to include the documentation of data gathering and integration. The revised Section 5.6.3 is included on page E-15 in the Enclosure.

9. *§192.911 (k) Management of change: (Bluewater's) procedures for management of change did not include requirements for documenting minor changes within the integrity management plan. AMSE B31.8S Section II(a) states that, "These procedures should be flexible enough to accommodate both major and minor changes, and must be understood by the personnel that use them."*

Bluewater Response: Bluewater revised Section 14.1.1 of the IMP to include major and minor changes per ASME B31.8S Section II (a). The amended pages of that IMP section are included on pages E-16 and E-17 in the Enclosure.

Bluewater takes seriously its obligations to comply with the requirements of the PHMSA regulations. To that end, Bluewater is committed to working with PHMSA to fully resolve this matter in an efficient and mutually agreeable manner. We look forward to your consideration of our response, but in the interim, please let us know if you have any further questions, or require additional information.

Sincerely,



Wm. Dean Gore, Jr.
Vice President, Environmental & Regulatory Compliance

Enclosure

cc:

Daniel Noack, Bluewater
Eileen Kisluk, Bluewater
Jeff Westrick, Bluewater
Kevin Cunningham, Bluewater
Ngiabi Gicuhi, Bluewater
Sandra Tasso, Bluewater
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