

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
AND THE
MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH**

This Memorandum of Understanding (MOU) between the Michigan Department of Environmental Quality (hereinafter referred to as MDEQ) and the Michigan Department of Labor & Economic Growth (hereinafter referred to as MDLEG) is entered into for the sole purpose of clarifying each department's role and responsibility regarding the regulations for installation and use of Liquefied Petroleum Gas (LPG) storage tanks in connection with building heating systems and equipment.

Regulatory authority for the storage and handling of hazardous materials is vested in the Michigan Fire Prevention Code, 1941 PA 207, as amended (Act 207). The MDEQ, pursuant to Executive Orders 1997-2 and 1998-2, is responsible for the administration and enforcement of the regulatory provisions in Act 207, in part, governing the design, construction, installation, and operation of tanks storing LPG for the purposes of fire safety and prevention of releasing such regulated substances into the environment.

The Stille-DeRossett-Hale Single State Construction Code Act, 1972 PA 230, as amended (Act 230), provides in part that the MDLEG shall promulgate a code for the construction, use, and occupancy of buildings and structures. Section 4 of Act 230 sets forth provisions for codes, including such sections as determined to be appropriate (i.e., building, plumbing, electrical, and mechanical sections). The Part 9a Mechanical Code Rules include provisions for the installation of mechanical equipment and systems utilizing gas from LPG tanks.

The Forbes Mechanical Contractors Act, 1984 PA 192, as amended (Act 192), regulates the licensure of installing contractors and service contractors for heating, cooling, ventilation, and refrigeration equipment and systems. Such installations include the use of LPG storage tanks to provide heating fuel to buildings and structures.

The MDLEG and the MDEQ acknowledge the benefit of clarifying the responsibilities and requirements set forth in the various statutes and regulations concerning the installation, connection, and use of LPG tanks for heating appliances. Further, this MOU clarifies which components of an LPG storage tank and piping system are subject to fees assessed under the above-referenced statutes.

The MDEQ is responsible for:

1. Promulgates rules governing the design, construction, installation, and operation of LPG tank systems.
2. Performs plan reviews and inspects and certifies LPG container filling locations and LPG tank systems that have an individual water capacity of more than 2,000 gallons or have 2 or more tanks with an aggregate water capacity of more than 4,000 gallons.
3. A per-tank application fee and an annual fee per tank are provided for under Act 207 for those locations with LPG tank systems identified in Item 2.

The MDLEG or authorized local agency performs the following:

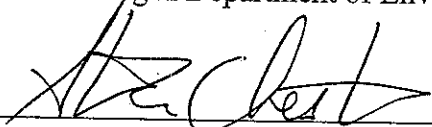
1. Promulgates rules governing the mechanical system for LPG storage tanks installed in connection with heating appliances and systems regulated under Act 230.
2. Performs plan reviews, inspections, and approvals of mechanical systems, including all piping connected to the heating appliance or system after the first stage regulator installed on an LPG storage tank. The MDLEG, through the State Board of Mechanical Rules established under Act 192, agrees to review the LPG Certified Employees Training Program for equivalency to the requirements established under Act 192 for specialty licensing of LPG installations.
3. A mechanical fee for inspection of the piping after the first stage regulator installed on an LPG storage tank is provided for under the provisions of Act 230.
4. Where a permit was previously issued and the installation was approved for a residential or commercial container system less than 2,000 gallons used in association with a heating appliance, an additional permit is not required from the MDLEG for a tank change out where no modifications of the piping system after the first stage regulator are performed.

The MDEQ and the MDLEG agree to provide information and direction to the appropriate local agencies and the regulated community for the consistent application of the requirements concerning the installation of LPG tanks and piping used in association with heating appliances and systems regulated under Act 230. The MDEQ and the MDLEG agree to cooperate in the implementation of the provisions outlined in this MOU. The agencies agree to meet annually to address any additional programmatic issues related to this MOU.

This agreement shall be effective upon the signature of both parties. Termination of this agreement may be made by either party upon 30 days written notice.

In witness thereof, the parties sign their name as evidence of their approval of this MOU.

For the Michigan Department of Environmental Quality:



Steven E. Chester, Director

3-3-05
Date

For the Michigan Department of Labor & Economic Growth:



David C. Hollister, Director

3-25-05
Date

History Note: This agreement was initially entered into on June 6, 2000. This update to the agreement changes the signatories and includes an additional provision in paragraph 4 under the MDLEG section regarding the changing of permits in previously approved installations.