

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of	)	
<b>BLUEWATER GAS STORAGE, LLC,</b>	)	
for authority to construct and operate a	)	Case No. U-13926
natural gas pipeline in Macomb County.	)	
_____	)	

At the May 18, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair  
Hon. Robert B. Nelson, Commissioner  
Hon. Laura Chappelle, Commissioner

**ORDER APPROVING APPLICATION**

On October 16, 2003, Bluewater Gas Storage, LLC (Bluewater), filed an application, testimony, and exhibits pursuant to 1929 PA 9, as amended, MCL 483.101 et seq., (Act 9), requesting authority to construct and operate a natural gas pipeline in Macomb County, Michigan (the Vector Interconnect Pipeline). The 3.5 mile, 20-inch Vector Interconnect Pipeline would connect the Columbus 3 storage field to the Vector Pipeline via the existing Bluewater Pipeline. The proposed Vector Interconnect Pipeline is located within Armada and Ray townships in Macomb County.

Pursuant to due notice, a prehearing conference was held before Administrative Law Judge Barbara A. Stump on December 9, 2003. Bluewater and the Commission Staff participated in the proceedings. Property owners Linda Corrion, Mary Corrion, James and Mary Ann Ruemenapp, Gary and Cynthia Wiegand, and Norene Olejnik intervened. All of these intervenors subsequently withdrew from the case or withdrew their objections.

Subsequently, the remaining parties submitted a settlement agreement resolving all issues in this case. According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that the requirements of Act 9 have been met, that the proposed construction, testing, and operation of the pipeline will comply with the Michigan Gas Safety Standards, and that the proposed pipeline will serve the public convenience and necessity.

After reviewing the application, supporting testimony and exhibits, and the settlement agreement, the Commission finds that the pipeline will serve the public convenience and necessity. The Commission therefore concludes that it should approve the settlement agreement and authorize Bluewater to construct and operate the proposed pipeline.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq; 1919 PA 419, as amended, MCL 460.51, et seq; 1939 PA 3, as amended, MCL 460.1 et seq; 1969 PA 165, as amended, MCL 483.151 et seq; 1969 PA 306, as amended, MCL 24.201 et seq; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.
- c. The map, route, and type of construction of the Vector Interconnect Pipeline should be approved.
- d. The proposed pipeline is practicable in that it will provide an economic means of delivering natural gas to market.
- e. The pipeline will meet the requirements of the Michigan Gas Safety Standards if constructed, tested, and operated as proposed.
- f. The pipeline will serve the public convenience and necessity.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Bluewater Gas Storage, LLC, is authorized to construct and operate the Vector Interconnect Pipeline in Macomb County, as proposed in its application filed on October 16, 2003 and subject to the requirements of 1929 PA 9, as amended, MCL 483.101 et seq.

C. The map, route, and type of construction of the Vector Interconnect Pipeline are approved.

D. Within 60 days after construction, Bluewater Gas Storage, LLC, shall file a completion report including pressure test data and a map of the Vector Interconnect Pipeline as constructed.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chair

( S E A L )

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of May 18, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Bluewater Gas Storage, LLC, is authorized to construct and operate the Vector Interconnect Pipeline in Macomb County, as proposed in its application filed on October 16, 2003 and subject to the requirements of 1929 PA 9, as amended, MCL 483.101 et seq.

C. The map, route, and type of construction of the Vector Interconnect Pipeline are approved.

D. Within 60 days after construction, Bluewater Gas Storage, LLC, shall file a completion report including pressure test data and a map of the Vector Interconnect Pipeline as constructed.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

---

Chair

---

Commissioner

---

Commissioner

By its action of May 18, 2004.

---

Its Executive Secretary

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

**In the Matter of the Application of )  
 Bluewater Gas Storage, LLC )  
 for Authority to Construct and )  
 Operate a Natural Gas Pipeline )  
 in Macomb County. )**

**Case No. U-13926**

**SETTLEMENT AGREEMENT**

On October 16, 2003, Bluewater Gas Storage, LLC ("Bluewater" or "Applicant") filed an Application and supporting testimony and exhibits in Case No. U-13926 pursuant to Act 9 of the Public Acts of 1929, as amended, MCL 483.101 *et seq* ("Act 9"), requesting a certificate of public convenience and necessity to construct, own, and operate a natural gas pipeline in Macomb County, Michigan ("Vector Interconnect Pipeline").

The facilities which will ultimately be operated by Applicant include the Bluewater Gas Storage Field in Columbus and Wales Townships, St. Clair County, Michigan, and the existing 24-mile Bluewater Pipeline which Applicant has purchased from CMS Energy and four (4) new pipelines and interconnects—the Field, Great Lakes, Vector and MichCon Interconnect Pipelines—collectively, all of which will be operated as the Bluewater Gas Storage and Transmission System ("Bluewater System"). The Field and Great Lakes Interconnect Pipelines were covered by a separate Application U-13896 which was filed on October 3, 2003, and approved by the Michigan Public Service Commission ("Commission") on January 22, 2004. The MichCon Interconnect Pipeline Application U-14023 is pending before the Commission.

The purpose of the Vector Interconnect Pipeline will be to allow shippers on Vector Pipeline to deliver and receive gas from Columbus 3 Storage Field via the Bluewater Pipeline. The proposed Vector Interconnect Pipeline will be located in Section 36, Township 5 North, Range 13 East, Armada Township, and Sections 1, 12 and 13, Township 4 North, Range 13 East, Ray Township of Macomb County, Michigan. The Vector Interconnect Pipeline Meter/Regulation Station will be located in Section 13, Township 4 North, Range 13 East, Ray Township of Macomb County, Michigan. This location is approximately 11 miles southwest of the proposed Columbus 3 Compressor Station. The Vector Interconnect Pipeline will consist of about 3.5 miles of new pipeline 20 inches in diameter. Both the Vector Interconnect Pipeline and the Vector Interconnect Pipeline Meter/Regulation Station are reflected on attached Appendix A. The Vector Interconnect Pipeline Meter/Regulation Station will be combined with the facilities of the MichCon Interconnect Pipeline Meter/Regulation Station.

Pursuant to the Notice of Hearing, a prehearing conference in Case No. U-13926 was held before Administrative Law Judge ("ALJ") Barbara A. Stump on December 9, 2003. Bluewater presented Proof of Service for mailing the Notice of Hearing and three (3) Affidavits of Publication reflecting that a copy of the Notice of Hearing was published, by November 25, 2003, in a daily newspaper of general circulation in Macomb County—on November 24, 2003, in the *Port Huron Times Herald*; on November 24, 2003, in *The Macomb Daily*; and on November 21, 2003, in the *Michigan Oil & Gas News*. The Proof of Service for mailing of the Notice of Hearing and three (3) Affidavits of Publication were accepted by ALJ Stump without objection. At the prehearing conference, the Michigan Public Service Commission Staff ("Commission Staff") entered its Appearance. An informal Petition to Intervene in the proceedings was filed on behalf of property owners Linda Corrion, Mary Corrion, James and

Mary Ann Ruemenapp, Gary and Cynthia Wiegand, and Norene Olejnik ("Intervenors"). At a second prehearing conference on December 15, 2003, a formal Petition to Intervene was heard and granted by ALJ Stump and a schedule for the matter was set.

On January 23, 2004, the Direct Testimony of Linda Corrión and James Ruemenapp were filed, and on February 6, 2004, Rebuttal Testimony of Jerome Meyer and Mark Austin Adkins were filed (with Adkins Exhibits filed on February 9, 2004). Motions to Strike Proposed Direct Testimony of Linda Corrión and James Ruemenapp were filed on February 20, 2004.

Cross-examination was scheduled for February 25, 2004, at which time two (2) motions to withdraw as counsel (for Norene Olejnik and Gary and Cynthia Wiegand) were granted and the ALJ noted Norene Olejnik and Gary and Cynthia Wiegand did not appear at the hearing. Additionally, after the remaining parties, i.e., Bluewater; Linda and Mary Corrión and James and Mary Ann Ruemenapp ("Remaining Intervenors"); and Commission Staff discussed and resolved the issues in this case, the terms of a settlement agreement were read into the record. This negotiated settlement agreement provided for four (4) distinct options for pipeline routes to be evaluated by Bluewater. It was further agreed if Bluewater determined one (1) of these four (4) options was satisfactory, that option would be accepted by the remaining parties, and the Remaining Intervenors would withdraw their objections. Additionally, if none of the four (4) options was deemed satisfactory by Bluewater, the cross-examination hearing would resume on March 18 and 19, 2004. As settlement negotiations and review of the options were continuing to progress in March, the cross-examination hearing was extended to April 13 and 14, 2004.

Subsequently, the parties further discussed this matter and arrived at a New Option described in a letter from the Corrións' and Ruemenapps' counsel dated April 12, 2004. A copy of the letter is attached as Appendix B. The terms of the settlement read into the record on

February 25, 2004, remain as modified by Appendix B and resolve the issues in this case. The New Option has been determined satisfactory by Bluewater, the Remaining Intervenors have withdrawn their objections, and, as a result, the Commission Staff and Bluewater have memorialized and incorporated their understanding into this Settlement Agreement ("Agreement"). This Agreement identifies the rights and obligations concerning the construction, ownership, and operation of the Vector Interconnect Pipeline in Armada and Ray Townships, Macomb County, Michigan. This Agreement is filed pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended, MCL 24.278, and Rule 333 of the Rules of Practice and Procedure before the Commission, R 460.17333.

**WHEREFORE**, the Commission Staff and Bluewater, through their respective legal counsel, agree as follows:

1. The requested certificate of public convenience and necessity to construct, own, and operate the Vector Interconnect Pipeline in Armada and Ray Townships, Macomb County, Michigan, is in and will serve the public interest and should be granted.
2. Bluewater and the Commission Staff agree the map, route, and type of construction as generally reflected in the Application dated October 16, 2003, Bluewater's testimony and exhibits admitted in this proceeding, Appendix A and as modified by the New Option, Appendix B, and as based on conditions encountered, should be approved.
3. All facilities will be constructed, maintained, and operated in a manner which meets and satisfies the requirements of the Michigan Gas Safety Code and applicable Commission rules.



4. The Vector Interconnect Pipeline will serve the public convenience and necessity.
5. The combined bundled storage and transportation service rates proposed by Applicant in Exhibit A-2 (RT-2) are just and reasonable. These rates, except for the Interruptible Service (IT) are the same rates approved July 8, 2003, in Case U-13776 for the Bluewater Gas Storage, LLC, and have a range of \$0.00 to \$1.61 per Mcf plus 0 to 1.5% fuel. The proposed IT rate is provided for customers desiring pipeline transportation without storage service.
6. This Agreement is intended for final disposition of the issues in this proceeding and the Commission Staff and Bluewater hereto join in respectfully requesting the Commission to expeditiously issue an order approving this Agreement and the proposed rates for the Bluewater System which includes the Vector Interconnect Pipeline as described above, though excludes the MichCon Interconnect Pipeline which Application is pending before the Commission, and to issue an Act 9 Certificate as provided in this Agreement. It is the opinion of the Commission Staff and Bluewater that this Agreement is in the public interest and represents a fair and reasonable resolution of this proceeding, will aid the expeditious conclusion of this case, and minimize the time and expense which would otherwise have to be devoted to this matter by the Commission, the Commission Staff, and Bluewater.
7. Each party to this Agreement agrees not to appeal, challenge, or contest the Act 9 Certificate approved by the Commission in this case if it is the result of a Commission order accepting and approving this Agreement without material modification.
8. For the sole purpose of submitting this Agreement to the Commission, the Commission Staff and Bluewater waive compliance with the provisions of Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

9. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same document. The signature to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10. The Commission Staff certifies that this Agreement is reasonable and in the public interest.

**MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF**

Dated: April 21, 2004

By: Thomas E. McClear  
Thomas E. McClear (P-25585)  
Attorney for Michigan Public Service  
Commission Staff  
Assistant Attorney General  
Public Service Division  
6545 Mercantile Way, Suite 15  
Lansing, MI 48911  
(517) 241-6680

**BLUEWATER GAS STORAGE, LLC**



Dated: April 21, 2004

By: Eric J. Schneidewind  
Eric J. Schneidewind (P-20037)  
Jack D. Sage (P-34185)  
Varnum, Riddering, Schmidt & HowlettLLP  
Attorneys for Bluewater Gas Storage, LLC  
The Victor Center, Suite 810  
201 N. Washington Square  
Lansing, MI 48933  
(517) 482-6237

N

# APPENDIX A

## LEGEND

-  PERMANENT EASEMENT
-  TEMPORARY EASEMENT

DETROIT EDISON EASEMENT

DETROIT EDISON

WICHON EASEMENT

36" VECTOR PIPELINE (1000 PSIG MAP) - WICHON F LINE

36" WICHON PIPELINE (1000 PSIG MAP) - WICHON E LINE

WICHON EASEMENT

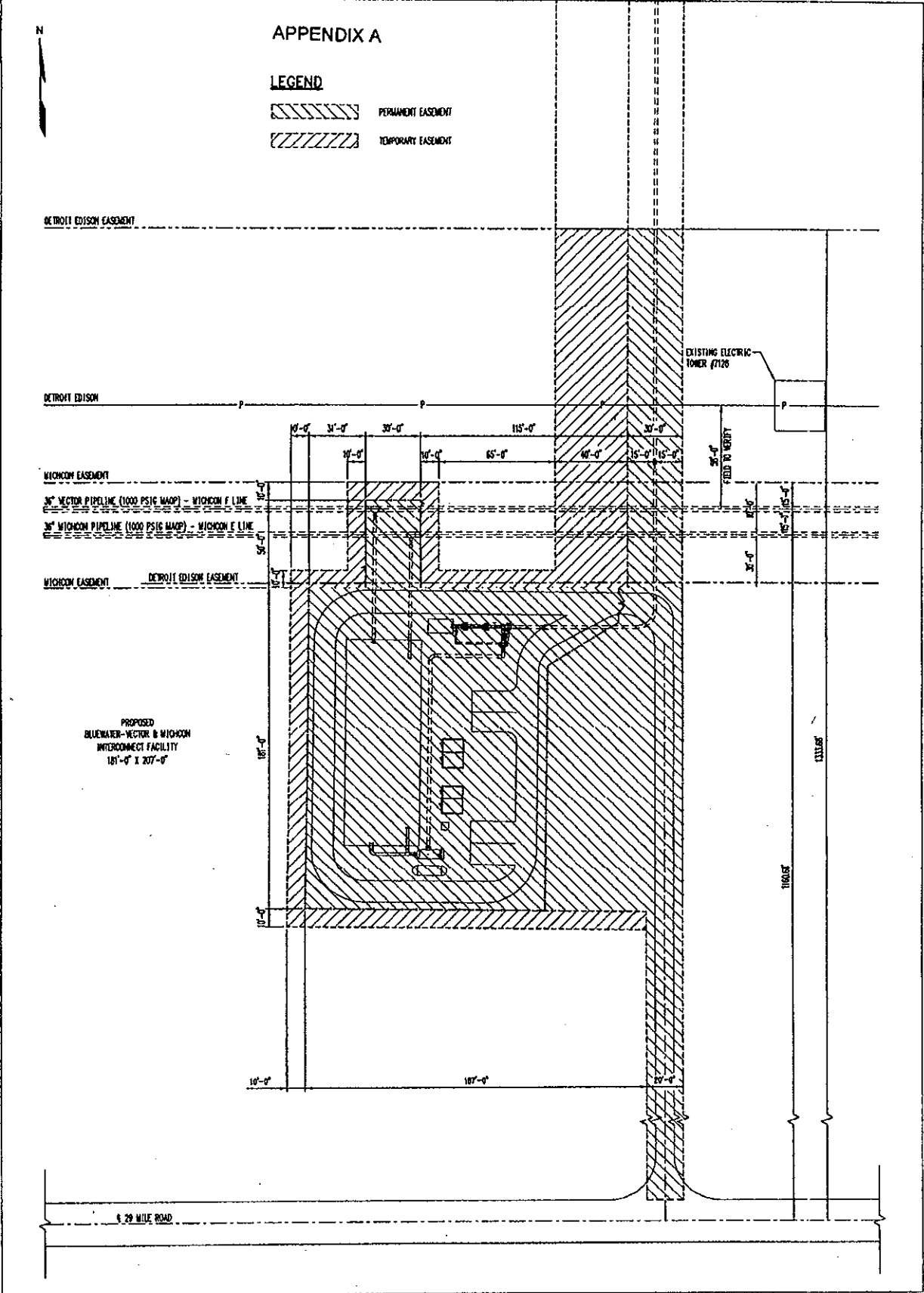
DETROIT EDISON EASEMENT

EXISTING ELECTRIC  
TOWER #1126

FIELD TO VERIFY

PROPOSED  
BLUEWATER-VECTOR & WICHON  
INTERCONNECT FACILITY  
181'-0" x 207'-0"

8-29 MILE ROAD



**BUTZEL LONG**  
a professional corporation  
ATTORNEYS AND COUNSELORS

JOSEPH M. ROGÓWSKI II

DIRECT DIAL (313) 853-7449  
INTERNET rogowski@butzel.com

DETROIT OFFICE  
SUITE 100, 180 WEST JEFFERSON  
DETROIT, MICHIGAN 48228-4460  
(313) 225-7000 fax (313) 225-7080

April 12, 2004

**VIA FACSIMILE**

Jack Sage  
Varnum Riddering Schmidt Howlett  
Bridgewater Place  
P.O. Box 352  
Grand Rapids, MI 49501

**Re: Bluewater Gas Storage, LLC v. Corrion and Ruemenapp  
Case No. U-13926**

Dear Mr. Sage:

The purpose of this letter is to confirm the settlement reached today in the above referenced case. The terms of the settlement are as follows:

1. With the exception of the physical location of the pipeline, the terms of the settlement agreement placed on the record on February 25, 2004 have been agreed to by the parties.
2. Bluewater will relocate Mary Corrion to a hotel during the time of pipeline construction and pay for her expenses during that time period.
3. The physical pipeline route will be as set forth on the map forwarded by Jack Sage on April 12, 2004 which map is attached hereto and specifically incorporated into this Agreement.
4. Linda Corrion, on behalf of herself and her mother, Mary Corrion, agree to the following language is acceptable:

Mary Corrion agrees Bluewater Gas Storage shall have a permanent Right-of-Way and Easement ("Bluewater Gas Easement") as reflected on the attached drawing "Option 1B" dated 4/12/04, Appendix A. The Bluewater Gas Easement shall consist of an easement thirty (30) feet wide commencing at the center line of 31 Mile road and running in a 45 degree angle Southeasterly to a point on the future Road Right-of-Way reflected on the attached Appendix A, i.e., fifteen (15) feet on each side of said future Road Right-of-Way. The future Road Right-of-Way extends sixty (60) feet south from the center line of 31 Mile road. The proposed Vector Interconnect Pipeline will be placed within the southern fifteen (15) feet of the said Bluewater Gas

Jack Sage  
April 12, 2004  
Page 2

Easement i.e., in that portion of the Bluewater Gas Easement located just to the south of the future sixty (60) foot Road Right-of-Way. Mary Corrion further agrees Bluewater shall have the necessary Temporary Easement to accommodate the bore under 31 Mile road.

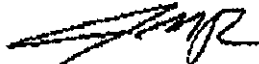
5. In reliance on the above agreement, intervenors Linda Corrion, on behalf of herself and her mother, Mary Corrion, and James and Mary Ruemenapp have submitted a Notice of Withdraw from Case No. U-13926 which has been faxed to Jack Sage's attention and Judge Barbara Stump.

I believe this accurately reflects our agreement. If there are any inconsistencies with our agreement please advise as soon as possible.

I want to thank you and Bluewater for all of your efforts in bringing this matter to an acceptable resolution. If I can be of any further assistance please do not hesitate to call.

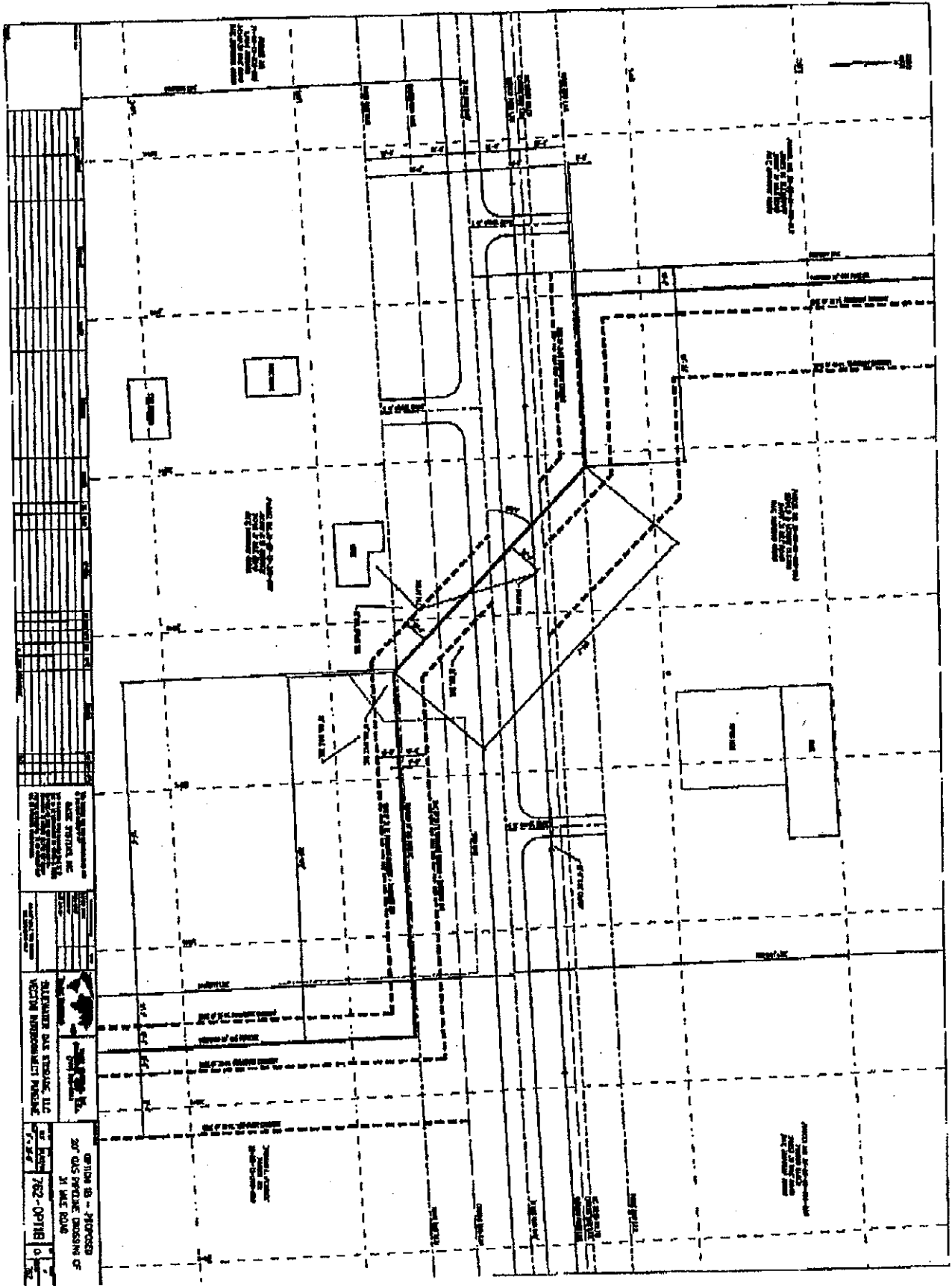
Very truly yours,

BUTZEL LONG



Joseph M. Rogowski, II

cc: Linda Corrion



SECTION 13 - PROPOSED  
 20' GAS SERVICE DRESSING OF  
 11' WIDE ROW  
 762-07118  
 ALTERNATE GAS SERVICE, LLC  
 NOTING: INDICATED BY DASHED LINE  
 20' GAS SERVICE DRESSING OF  
 11' WIDE ROW  
 762-07118