

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
BLUEWATER GAS STORAGE, LLC , for)	
authority to construct and operate the Field)	Case No. U-13896
Interconnect and Great Lakes Interconnect)	
pipelines in St. Clair County.)	
_____)	

At the January 22, 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 3, 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 the Field Interconnect and Great Lakes Interconnect pipelines. The 1.5 mile, 20 inch Field Interconnect Pipeline would connect the proposed Columbus 3 Storage Field to the existing Bluewater Pipeline, and the 20 inch Great Lakes Interconnect Pipeline would connect the Columbus 3 Storage Field to the existing Great Lakes Pipeline. Both proposed pipelines are located within Columbus Township, St. Clair County. The pipelines will be used to transport natural gas to market by way of the existing gas transmission system.

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.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case. According to 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 pipelines will comply with the Michigan Gas Safety Standards, and that the proposed pipelines will serve the public convenience and necessity.

After reviewing the application, supporting testimony and exhibits, and the settlement agreement, the Commission finds that the pipelines 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 pipelines.

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 Field Interconnect and Great Lakes Interconnect pipelines should be approved.
- d. The proposed pipelines are practicable in that they will provide economic means of delivering natural gas to market.

e. The pipelines will meet the requirements of the Michigan Gas Safety Standards if constructed, tested, and operated as proposed.

f. The pipelines 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 Field Interconnect and Great Lakes Interconnect pipelines in St. Clair County, as proposed in its application filed on October 3, 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 Field Interconnect and Great Lakes Interconnect pipelines 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 Field Interconnect and Great Lakes Interconnect pipelines 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 January 22, 2004.

/s/ Mary Jo Kunkle
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 Natural Gas Pipelines)	Case No. U-13896
in St. Clair County.)	

SETTLEMENT AGREEMENT

On October 3, 2003, Bluewater Gas Storage, LLC ("BWGS") filed an Application, testimony and exhibits in Case No. U-13896 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 two natural gas pipelines in Columbus Township, St. Clair County, Michigan (the "Interconnect Pipelines").

This Settlement Agreement covers two (2) pipelines: the Field Interconnect Pipeline and the Great Lakes Interconnect Pipeline.

1. Field Interconnect Pipeline

The purpose of this interconnect pipeline will be to connect the proposed Columbus 3 Compressor Station located in the center of Section 3 of Columbus Township, St. Clair County, Michigan with the existing Bluewater Pipeline in Section 10, Columbus Township, St. Clair County, Michigan. This pipeline will be approximately 1.5 miles in length and have a diameter of 20 inches. The connection to the Bluewater Pipeline will not require any additional facilities.

2. Great Lakes Interconnect Pipeline

The purpose of this interconnect pipeline will be to allow shippers on Great Lakes

Pipeline to deliver and receive gas from Columbus 3 Gas Storage Field via the Bluewater Pipeline. The interconnect pipeline will be located in Section 20 of Columbus Township, St. Clair County, Michigan. This interconnect will consist of a short pipeline (several hundred feet) of 20 inches in diameter and a meter/regulation station.

Pursuant to the Notice of Hearing, a prehearing conference in Case No. U-13896 was held before Administrative Law Judge ("ALJ") Barbara A. Stump., on December 9, 2003. BWGS presented Proofs of Mailing of the Notice of Hearing and two 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 St. Clair County (on November 24, 2003 in the *Port Huron Free Press* and in the *Michigan Oil and Gas News* on November 21, 2003) Both the Proofs of Mailing of Notice of Hearing and two 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.

On October 3, 2003, BWGS filed its Direct Testimony.

Subsequently, the parties discussed and resolved the issues in this case and, as a result, have memorialized and incorporated their understanding into this Settlement Agreement ("Agreement"). This Agreement identifies the rights and obligations of the parties concerning the construction, ownership, and operation of the Pipelines in Columbus Township, St. Clair 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 parties, through their respective legal counsel, agree as follows:

1. The requested certificate of public convenience and necessity to construct, own, and operate the Field and Great Lakes Interconnect Pipelines in Columbus Township, St. Clair County, Michigan, is in and will serve the public interest and should be granted.

2. The parties agree the map, route, and type of construction in the Application, testimony and exhibits 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 Michigan Public Service Commission ("Commission") rules.

4. The Pipelines will serve the public convenience and necessity.

5. This Agreement is intended for final disposition of the issues in this proceeding and the parties hereto join in respectfully requesting the Commission to expeditiously issue an order approving this Agreement and to issue an Act 9 Certificate as provided in this Agreement. It is the opinion of the parties to this proceeding 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 and the parties.

6. Each party to this proceeding 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.

7. For the sole purpose of submitting this Agreement to the Commission, the

parties waive compliance with the provisions of Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

8. 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.


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

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

Dated: December 23, 2003

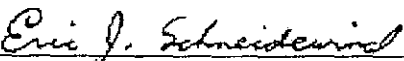
By:


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BLUEWATER GAS STORAGE, LLC

Dated: December 23, 2003

By:


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