

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 the	)	Case No. U-14560
Bluewater Extension in Macomb County.	)	
_____	)	

At the June 30, 2005 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER APPROVING APPLICATION

On June 20, 2005, Bluewater Gas Storage, LLC (Bluewater), filed an application pursuant to the provisions of 1929 PA 9, as amended; MCL 483.101 *et seq.*, requesting authority to construct and operate the Bluewater Extension. The existing 24-mile, 20-inch Bluewater Pipeline¹ would be extended by approximately 70 feet of 12-inch pipe; the proposal also includes a 200 million cubic-feet-per-day bidirectional natural gas metering station and a flow control interconnect. Beginning at the terminus of the Bluewater Extension, approximately 75 feet of 12-inch pipe will be installed by Consumers Energy Company (Consumers) which will connect to the existing Consumers 26-inch Ray-Grand Blanc 1900 Pipeline (Consumers 1900 Pipeline). The Bluewater Pipeline currently extends to the existing Consumers compressor station at this location, and the existing

¹ See, the order issued March 29, 1995 in Case No. U-10786 and the order issued August 16, 2001 in Case No. U-12670.

pipeline will be cut and capped between the proposed tie-in and the compressor station. Similarly, the existing 4-inch pipeline that is tied into the Bluewater Pipeline and that extends into the compressor station also will be cut and capped. The proposed extension, as well as Consumers' facilities, will be located in Section 36 of T5N, R13E, Armada Township, Macomb County, Michigan. All of the land is owned by Consumers and is located in the rear of Consumers' Ray Compressor Station property, outside of the existing security fence.

The Bluewater Extension will become part of the Bluewater System, which includes the Bluewater Pipeline, the Field Interconnect Pipeline,² the Great Lakes Interconnect Pipeline,³ the Mich Con Interconnect Pipeline,⁴ the Vector Interconnect Pipeline,⁵ and the Bluewater Gas Storage Facility.⁶ The Bluewater Extension will allow shippers on the Consumers 1900 Pipeline to deliver and to receive gas from the Bluewater Gas Storage Facility located in the Columbus 3 Field in Columbus and Wales townships, St. Clair County, Michigan, via the Bluewater Pipeline.

Attached to the application are engineering specifications covering the construction, testing, and operation of the Bluewater Extension; maps showing the location of the Bluewater Extension; an environmental report; and a cost estimate. The Bluewater Extension is estimated to cost \$1,646,000, and it will have a design pressure of 1,125 pounds per square inch gauge. The existing Bluewater storage and transportation rates will continue to apply; the cost of construction and operation of the Bluewater Extension will not result in any change to those rates.

² See, the January 22, 2004 order in Case No. U-13896.

³ *Id.*

⁴ See, the May 18, 2004 order in Case No. U-14023.

⁵ See, the May 18, 2004 order in Case No. U-13926.

⁶ See, the July 8, 2003 order in Case No. U-13776.

After reviewing the application and its exhibits, the Commission finds that the Bluewater Extension will serve the public convenience and necessity, and that *ex parte* approval is appropriate.

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 map, route, and type of construction of the Bluewater Extension should be approved.
- c. The Bluewater Extension is practicable in that it provides an economic means of delivering natural gas to market.
- d. The Bluewater Extension will meet the requirements of the Michigan Gas Safety Standards if constructed, tested, and operated as proposed.
- e. The Bluewater Extension will serve the public convenience and necessity.
- f. The public interest will be adequately protected without the time and expense of a public hearing.
- g. The incorporation of the Bluewater Extension into the Bluewater Pipeline does not impact the existing Bluewater storage and transportation rates authorized in Case No. U-14023.

THEREFORE, IT IS ORDERED that:

A. Bluewater Gas Storage, LLC, is authorized to construct and operate the Bluewater Extension in Macomb County, as proposed in its application filed on June 20, 2005, and subject to the requirements of 1929 PA 9, as amended, MCL 483.101 *et seq.*

B. The map, route, and type of construction of the Bluewater Extension are approved.

C. Within 60 days after construction of the Bluewater Extension, Bluewater Gas Storage, LLC, shall file a completion report including pressure-test data and a map of the Bluewater Extension 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

Chairman

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of June 30, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

B. The map, route, and type of construction of the Bluewater Extension are approved.

C. Within 60 days after construction of the Bluewater Extension, Bluewater Gas Storage, LLC, shall file a completion report including pressure-test data and a map of the Bluewater Extension 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

Chairman

Commissioner

Commissioner

By its action of June 30, 2005.

Its Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-14560

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on June 30th, 2005, A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia Fronta

Subscribed and sworn to before me
this 30th day of June 2005

Notary Public, Ingham, County, Michigan
My Commission expires June 5, 2007

SERVICE LIST FOR DOCKET # U – 14560

CASE #

DATE OF PREPARATION: 06/30/2005

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