STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of MARATHON PIPE LINE LLC for authority under 1929 PA 16 to construct, operate and maintain a pipeline for the transportation of crude oil.	)))))	Case No. U-15251

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Prefiled Direct Testimony
of
Jerry R. Henry
on behalf
of
Marathon Pipe Line LLC

Q. Please state your name, position and business address.

A. My name is Jerry R. Henry. I am a partner of Sendero Environmental, LLP ("Sendero"). My business address is 805 Chula Vista, Karnes City, Texas, 78118.

Q. Please briefly describe your background and work experience.

A. I received a Bachelor of Science Degree in Agriculture from Sam Houston State University in 1985. I have over 16 years of experience in interstate, intrastate, and offshore gas pipeline regulatory, certificate, and contractual matters, and 24 years of experience in ecological systems. A copy of my resume is Exhibit A-8 (JRH-1). Since 1991, I have supervised, managed, and participated in the preparation of over 20 environmental assessments for pipeline projects. These environmental assessments have

predominantly been associated with filings with the Federal Energy Regulatory Commission (FERC) as 18 Code of Federal Register (CFR), Part 157, 7b (abandonment) and 7c (certificated projects), and Part 311 (capital expansion). I have also prepared abbreviated environmental documentation and obtained environmental permits for several hundred pipeline maintenance projects that were regulated by FERC under 18 CFR 157.208 (Construction, acquisition, operation, replacement, and miscellaneous rearrangement of facilities). I have prepared numerous environmental assessments and permit packages for pipeline interconnects, metering and regulating facilities, and distribution points that have been filed under FERC's 45-Day Prior Notice rule. I have drafted and submitted abbreviated environmental documentation for several hundred projects regulated by the U.S. Army Corps of Engineers (USACE) for Section 10/404 Nationwide and Individual Permits. In the mid-1990's, I provided testimony, on behalf of Panhandle Eastern Pipe Line Company, before the Ohio Public Service Commission concerning environmental impacts for a Dayton Power and Light intrastate 16-inch natural gas pipeline project (approximately 44 miles in length). The project traversed Darke and Shelby Counties, Ohio. I also testified in 1992 at a USACE hearing on behalf of Arkansas Western Pipeline/Southwest Energy regarding impacts related to the Noark Pipeline Project.

Q. What are your responsibilities with Sendero?

A. As general partner of Sendero, I am responsible for marketing, cost estimate preparation, and management of all projects. I also provide oversight of environmental field surveys and reports. I develop permitting strategies and coordinate consultation and permitting with federal, state, and local agencies. I also conduct wetland delineations and identify

potential habitat for threatened/endangered species and assist with endangered species surveys. I also provide environmental oversight, supervision, monitoring, and inspection during construction to ensure compliance with all applicable permits and conditions.

Q. Why were you retained by Marathon Pipe Line LLC in this case?

A. Marathon Pipe Line LLC ("MPL") engaged Sendero to conduct an environmental assessment of the proposed pipeline, to prepare an Environmental Impact Report, and to assist in agency consultation, environmental field surveys/reporting, and coordination/acquisition of environmental permits.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present an Environmental Impact Report on behalf of MPL for the proposed pipeline traversing Monroe County, Michigan and entering Wayne County, Michigan. The proposed pipeline is approximately 29 miles of new 24-inch outside diameter ("OD") pipeline, originating at MPL's existing break-out tankage facility in Monroe County, near Samaria, Michigan, and terminating at Huron River Junction near the Huron River in southern Wayne County, Michigan.

Q. Have you prepared or caused to be prepared under your direction and supervision any exhibits to your testimony?

A. Yes. Exhibit A-9 (JRH-2) is the Environmental Impact Report that was prepared for the proposed pipeline. As part of my analysis, I reviewed the route of the proposed pipeline, and I am familiar with the environmental and land use considerations involved in its proposed construction. In addition, I supervised and coordinated the wetland delineation, Phase I archaeological survey, and deep testing (one location) for the proposed route.

Q. Please describe the process employed to conduct and complete the environmental impact review for the proposed project.

A. The environmental impact review was performed by a team of experienced environmental scientists under my direction and supervision. This team included environmental scientists, wetland scientists, geologists, archaeologists, archaeological principal investigators, geoarchaeologists, archaeological field technicians, and various support staff. The team's tasks consisted of a combination of records research, agency consultation, and field surveys. Research and survey activities were designed to identify sensitive environmental features along the proposed pipeline route, and included the review of aerial photographs, soils maps, USGS topographic maps, National Wetland Inventory Maps, floodplain maps, geology maps, existing databases for information regarding the proposed pipeline's proximity to potentially contaminated sites, threatened and endangered species, and known archaeological and historic sites. A wetland delineation and a Phase I archaeological survey (and deep testing of one location) were conducted following the completion of the literature research. Methodology used to identify wetlands, including evaluation of plant species, soils, and evidence of periods of temporary or seasonal surface water, was typical of USACE wetland determinations as described in the USACE Wetlands Delineation Manual (1987). This methodology is also typical of that specified in the Michigan Department of Environmental Quality Wetland Identification Manual. The Phase I archaeological survey was conducted according to the work plan submitted to and approved by the Michigan State Historic Preservation Office. Utilizing this information, my staff and I evaluated the existing environmental characteristics of the proposed pipeline route.

Q. What does Exhibit A-9 (JRH-2) show?

A. Exhibit A-9 (JRH-2) reflects a comprehensive literature review and field surveys of the proposed route of the pipeline system and the environmental considerations associated with the construction, operation, and maintenance of the pipeline system along the proposed route. Based upon that review and evaluation, the Environmental Impact Report reflects that the construction and continued operation of MPL's proposed pipeline system will result in minimal adverse environmental impact along the proposed route. Much of the proposed pipeline is located adjacent and parallel to MPL's existing pipeline and other pipeline, utility and developed corridors, minimizing adverse environmental impacts. Preventative measures, mitigation, and restoration will be employed to minimize adverse impacts to natural resources as indicated in the Environmental Impact Report. With the exception of a small portion of one wetland, all herbaceous and/or scrub/shrub wetlands will be temporarily disturbed and allowed to revegetate naturally upon completion of construction; forested wetlands will be allowed to revegetate naturally into scrub/shrub wetlands. The Raisin River, streams, drains, and ditches will be crossed with a combination of directional drilling, straight bore, and open cut techniques following the construction practices described in the Environmental Impact Report, MPL's Sediment and Erosion Control Program, and MPL's Erosion Control Handbook, and will be completed in accordance with MPL's engineering specifications as well as complying with any conditions contained in federal, state, and local permits and regulations.

Q. What area of land was subjected to your environmental assessment?

A. Generally, our effort involved the assessment of a corridor of land approximately 300 feet in width centered on the location of the proposed pipeline. This assessment included a wetland delineation and Phase I archaeological survey. The Environmental Impact Report includes the assessment of the temporary disturbance associated with construction of the proposed pipeline. The construction corridor will generally require 115 feet.

Q. Please describe any alternatives to the proposed pipeline that MPL considered?

A. The alternatives to the proposed project that I and the project team considered included: (i) a no-action alternative; (ii) alternative actions other than a pipeline; and (iii) alternatives to the proposed pipeline route.

Q. Is a no-action alternative feasible? Please explain.

A. No. Under the No-Action alternative, the proposed pipeline would not be built, including Huron River Junction, and modifications to MPL's Samaria Station and Marathon Petroleum Company LLC's ("MPC") Detroit refinery, the State of Michigan's only refinery, would not be made. If MPL did not undertake to construct the proposed pipeline, the impacts directly associated with the construction (e.g., disturbance of wetlands, clearing of vegetation) would be avoided.

However, under the No-Action alternative, the purpose of the proposed Project could not be fulfilled and the final objectives would not be achieved. The ultimate purpose of the proposed pipeline is to construct and operate a heavy crude oil pipeline transportation system that is capable of safely and efficiently transporting and delivering up to 144,000 barrels of crude oil per day ("bcpd") to MPC's Detroit refinery for processing. The ultimate objective is to provide an additional, more reliable, diversified, and flexible supply of petroleum products for Michigan's consumers.

Q. Please describe alternatives other than the proposed pipeline that MPL considered?

A. As discussed in more detail in the Environmental Impact Report, the use of alternative energy sources and energy conservation measures were evaluated with regard to meeting the energy demands of Michigan energy consumers which would be met as a result of the proposed pipeline. These alternatives would not adequately meet the specific type of energy demands which will be met through completion of the proposed pipeline. Another alternative considered by MPL was use of continuous trucking or rail haul operations to transport the crude oil to MPC's Detroit refinery via the existing network of roads and railroads. This alternative to the proposed pipeline is not feasible because a vehicle based transportation system introduces the new risk of vehicle accidents into the distribution system. In addition, there are no existing loading and unloading facilities available to sufficiently handle the volume of truck or rail vehicles necessary to serve as an alternative.

Q. Were any alternatives for the proposed pipeline route evaluated?

A. Yes. As discussed in the Environmental Impact Report, MPL evaluated a number of alternatives to achieve the proposed pipeline's needs, purposes and objectives before selecting the proposed pipeline route as the preferred route. Criteria used to evaluate alternatives and minimize environmental impacts included:

- Minimizing third-party access;
- Utilizing existing utility and right of way corridors where feasible;
- Minimizing crossing of and impacts to natural resources such as waterways, wetlands, forested areas, and prime agricultural land;
- Providing and maintaining adequate distance between the proposed pipeline route and residential and commercial development; and
- Locating the proposed pipeline route on property owned by parties willing to negotiate easements.

Q. Please describe areas of the proposed pipeline route which do not generally parallel the existing pipeline and explain why these alternatives were preferable to paralleling the existing pipeline.

A. The proposed pipeline parallels MPL's existing pipeline and other pipeline, utility and developed corridors for approximately 63% of its route. The existing pipeline crossing at the Raisin River was very congested with existing and proposed residential developments, as well as known archaeological sites identified during literature review, so the proposed pipeline was rerouted to avoid these areas and/or to comply with property owner requests. The route of the proposed pipeline also deviated in other areas to avoid encroachment on and disruption to residences and to provide a 50-foot distance between the proposed pipeline and permanent structures, where practical. The proposed pipeline was also rerouted at the request of several property owners to facilitate future development of their properties.

Q. In your opinion, does the proposed pipeline route minimize impacts to the environment, landowners and current land uses?

A. Yes.

Q. Please explain.

A. The proposed pipeline route parallels MPL's existing pipeline and other pipeline, utility and developed corridors, for much of its course thus locating it in areas which were previously disturbed and in which a pipeline corridor is an existing land use. This helps to avoid adverse environmental impacts and minimizes the disturbance of property, property owners, and land uses. However, since the construction of MPL's existing

pipeline, the nature and intensity of land use in the vicinity of the existing pipeline has changed such that, in certain areas, paralleling the existing pipeline would be more disruptive to property owners and land uses; therefore, deviations from MPL's existing pipeline corridor were designed to avoid these areas. Further, construction techniques and environmental considerations have changed since construction of the original pipeline such that deviating from the existing pipeline corridor in certain areas helps to minimize adverse environmental impacts and to enhance the safety and integrity of the proposed pipeline. Based upon the assessment process, it was concluded that the proposed pipeline route minimizes environmental impacts to the greatest degree possible, minimizes impacts to property owners and land uses, and allows the construction and operation of the pipeline to be undertaken in a safe and cost effective manner.

Q. As a part of the environmental assessment process, did you consider the construction techniques which would be used by MPL with regard to minimizing impacts to the environment and property owners and land uses.

A. Yes. The Environmental Impact Report goes into detailed discussions of such items as construction techniques and sequence, topsoil segregation, construction near sensitive areas such as public gathering places, wetlands and waterbodies, temporary bridges over ditches and waterbodies, construction within cropland areas, extra workspace, and restoration of disturbed areas. Construction of the proposed pipeline will generally require up to 115 feet in width for the construction corridor, utilization of existing access roads, and extra workspaces (necessary for temporary storage of excavated spoils and, in the case of horizontal directional drill areas, equipment set-up and pipe handling areas) as discussed in the Environmental Impact Report. The construction process will begin

with surveying, during which the right-of-way and environmental boundaries will be identified and staked. Topsoil will be segregated by the grading crew in agricultural, residential areas, and certain areas in wetlands; environmental controls will be installed to minimize erosion. Final grading and clean-up crews then establish the final grade of the right-of-way and return topsoil, repair drain tile as required, reseed where appropriate, and otherwise restore the property as best as is practical and as required under applicable federal, state, and local permits.

Q. In your opinion, is the proposed pipeline route the best route from an environmental standpoint?

A. Yes.

Q. Please explain.

A. The construction, operation, and maintenance of the proposed pipeline will result in primarily short-term environmental disturbances which cannot be avoided or completely mitigated. Unavoidable disturbances have been minimized to the extent practical by co-locating 63% of the proposed pipeline with MPL's existing pipeline and other pipeline, utility and developed corridors.

Unavoidable temporary disturbances associated with the proposed pipeline are predominantly limited to construction areas and, to a lesser extent, access roads. Temporary disruption of cropland production, temporary alteration of visual and air quality, temporary vegetative growth disruption, temporary potential increase for soil erosion and sedimentation in adjacent streams, drains, and wetlands, temporarily increased noise, and temporary displacement of local wildlife may be expected as short-term unavoidable disturbances associated with construction of the proposed pipeline.

Where our environmental assessment identified existing land uses, cultural or historic resources, or environmentally sensitive areas along or within the existing pipeline route, efforts were made to avoid adverse impacts by routing the proposed pipeline around these areas.

As discussed in the Environmental Impact Report, approximately .2 acre of a wetland will be permanently impacted as a result of the construction of the proposed pipeline. Certain trees in the construction corridor will be removed and will not be allowed to return to the permanent easement area.

Based on this assessment process, it was concluded that this proposed pipeline route minimizes environmental disturbances and reduces risk of pipeline accidents, therefore providing the benefits of the completed project with limited impact to the public, property owners and the environment.

Q. Does this conclude your testimony?

A. Yes, it does.

Sendero Environmental, LLP

Jerry R. Henry

General Partner

Areas Of Expertise

- Underground Storage and Associated Pipeline Projects
- Interstate and Offshore Oil & Gas Pipeline Regulatory, Certificate, & Contractual Matters
- Coordination, Permitting, & Project Management of LNG Projects
- FERC Resource Reports
- Deep Water Port Act Applications
- Environmental Compliance & Regulations
- Environmental Permitting
- Environmental Inspection & Monitoring of Construction Projects
- Wetland Delineations/Mitigation
- Pipeline Siting and Right-of-Way Restoration

Education

- BS, Agriculture, Sam Houston State University, Texas

Overview

Mr. Henry has over 14 years of experience in interstate and offshore gas pipeline regulatory, certificate, and contractual matters, and 24 years of experience in ecological systems. Mr. Henry is a results-oriented manager with a proven track record of preparing, coordinating, and filing projects with the Federal Energy Regulatory Commission (FERC). He has extensive experience with onsite environmental inspection/monitoring to ensure environmental compliance during pipeline construction as well as right-of-way restoration following construction. He has exceptional negotiation skills with local, state, and federal governmental agencies regarding environmental permitting and compliance for sensitive projects, and has extensive knowledge of governmental regulations pertaining to environmental compliance. Mr. Henry also has strong leadership and business development skills.

Project-Specific Experience

Project Manager, Confidential Projects. Currently working on several confidential projects in Kentucky, West Virginia, Indiana, Illinois, Ohio, and Michigan.

Project Manager, Pearl Crossing Deepwater Port LNG Receiving Terminal/Pipelines. Project Manager responsible for the management, preparation, and filing of a Deep Water Port Act application and all associated documentation, including FERC Resource Reports, for a new LNG terminal and pipeline system initiating in the Gulf of Mexico that will supply regasified LNG to new and existing onshore natural gas pipeline systems. The project included both onshore and offshore facilities, subject to the jurisdiction of both the FERC (onshore) and USCG (offshore); salt dome storage caverns, a graving dock, approximately 47 miles of 42-inch dual offshore natural gas pipelines and approximately 67 miles of 42-inch onshore natural gas pipeline and

associated right-of-way were environmentally reviewed and filed with the appropriate regulatory agencies as part of the project. Responsible for directing and coordinating URS personnel and subcontractors involved with the project's civil, archaeological, and environmental surveys in order to facilitate the preparation and filing of the Deep Water Port Act application, FERC resource reports, permit applications, and other agency documentation. Responsible for coordination with outside engineering firm for project design.

Environmental Inspection/Management, Cardinal Pipeline Project. Inserted into project by Marathon Petroleum Company LLC during final phases of construction to complete construction and restore pipeline right-of-way. Responsible for environmental inspection/monitoring and the restoration of the pipeline right-of-way for approximately 150 miles through two state forests and one state park. Managed environmental inspectors and work crews during right-of-way restoration and final cleanup; directed proper installation of erosion control structures on the pipeline right-of-way.

Project Manager, Centennial Pipeline Project. Project manager responsible for determining environmental permitting requirements, preparation of FERC Resource Reports, and environmental permitting/inspection of approximately 1,000 miles of natural gas pipeline abandoned and converted to a refined products pipeline. Prepared environmental cost estimates and proposals for the project. Developed strategies for environmental permitting with federal, state, and local agencies. Prepared responses to FERC data requests. Developed and presented environmental training program for inspection/monitoring during construction and right-of-way restoration; managed environmental oversight during construction inspection/monitoring.

Project Manager, Dauphin Island 24-Inch Natural Gas Pipeline (Alabama). Project manager responsible for environmental permitting and preparation of FERC Resource Reports. Project involved initiation of an offshore pipeline, with a directional drill under Dauphin Island proceeding across Mobile Bay. Developed and presented environmental training program for inspection/monitoring during construction and right-of-way restoration; managed environmental oversight during construction inspection/monitoring.

Professional History

- Vice President, URS Corporation, November 2003-January 2005
- Vice President, Hatch Mott MacDonald, January-October 2003
- Vice President, Horizon Environmental Services, Inc., 1999-2003
- Senior Environmentalist, Duke Energy, 1995-1999
- Division Environmentalist, Pan Energy Corporation (Texas Eastern), 1993-1995
- Senior Ecologist, ENSR Consulting and Engineering, 1991–1993
- District Conservationist, US Department of Agriculture/Soil Conservation Service, 1985-1991

Other Relevant Experience

Developed environmental training programs for inspection of numerous FERC 7(c) projects for environmental compliance during construction. Prepared Federal Energy Regulatory Commission (FERC) 7(c) and 7(b) applications for numerous projects, including resource reports, pursuant to Section 380.12 of Order 603.

Selected and managed environmental consultants during field surveys, preparation of reports, permitting, and preparation of FERC Resource Reports for numerous projects. Prepared responses to FERC data requests. Coordinated and attended FERC field inspections and noncompliance reports.

Directed and prepared all environmental permit applications and clearances, including wetlands, streams, stormwater, threatened and endangered species, coastal use, and cultural resources. Developed Erosion and Sedimentation Control Plans and Spill Prevention and Countermeasure Plans. Managed environmental permitting and compliance issues associated with construction, maintenance, and operations for multiple major natural gas pipeline companies. Developed environmental compliance procedures for daily pipeline maintenance activities. Developed and managed internal environmental cost estimates, schedules, and permitting strategies; and tracked budgets through all project phases.

Conducted environmental field surveys, reports, and permit applications. Prepared FERC Resource Reports. Conducted on-site environmental monitoring and inspection during construction activities. Coordinated agency inspections and served as on-site Environmental Manager and Inspector during construction of 387-mile intrastate/interstate pipeline.

Performed and supervised Wetland Delineations, Archaeological and Threatened and Endangered Species Determinations for 1985 Food Security Act. Designed, supervised installation of, provided as-built surveys for, and approved completed water control structures. Designed, implemented, and monitored wetland wildlife habitat areas.

Managed and assisted with the implementation of approximately 230 Conservation Reserve Program contracts and 57 Great Plans Contracts. Developed farm and ranch plans that enhanced wildlife habitat. Developed and implemented Erosion and Sedimentation Control Plans. Designed, supervised installation of, provided as-built surveys for, and approved parallel and contour terrace systems with vegetative waterways.

Prepared wetland delineations and identified hydric soils. Assisted large timber companies with environmental planning and permitting. Provided wildlife habitat identification and management.