

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
CONSUMERS ENERGY COMPANY for a
Certificate of Public Convenience and
Necessity to Construct and Operate the
36-inch Mid-Michigan Pipeline.

Case No. **U-20618**
(e-file paperless)

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF'S
INITIAL BRIEF**

On August 23, 2019, Consumers Energy (CECo) filed its application under 1929 PA 9 (Act 9) to construct and operate a pipeline from its Ovid Valve Site to its Chelsea Interchange. Pursuant to notice, a prehearing conference was held on October 11, 2019 to set a schedule and take care of other preliminary matters. At the prehearing, intervention was granted to the Association of Businesses Advocating Tariff Equity (ABATE), and Ruth and Robert Hummell, with the Staff of the Michigan Public Service Commission (Staff) intervening as provided in Rule 418 of the Commission's Rules of Practice and Procedure. Michael Wieschowski was later granted intervenor status. **Pursuant to the schedule set at the prehearing, motions were heard on February 25, 2020 with the Hummells' counsel making his appearance and cross examination was held.** The Staff now files its Initial Brief in this matter.

I. Application

In its application CECo requests the Michigan Public Service Commission (MPSC) for approval under Act 9 to construct and operate a 36” diameter pipeline to replace the existing Line 100 that runs between the Ovid Valve Site and the Chelsea Interchange. CECo states that this replacement pipeline, the Mid-Michigan Pipeline, is necessary to safely and efficiently conduct its business. CECo notes that the Mid-Michigan Pipeline will address increasing maintenance costs brought about by corrosion, coating degradation, pipe depth, compressible soils, and stress cracking on the existing Line 100; increase capacity on the line to allow for summer maintenance outages while still providing storage refill; reduce planned and unplanned maintenance outages; provide additional winter peak day supply; and provide capacity for continued demand and growth. CECo states that the pipeline will be constructed in accordance with the Michigan Gas Safety Standards, and that the cost of the Mid-Michigan Pipeline will be approximately \$550 million. The application states that there will be no significant adverse effect on the environment and that permits for watercourse and wetlands crossing will be secured from the Michigan Department of Environment, Great Lakes, and Energy (EGLE), with permits for drain crossings obtained from county drain commissions. Other necessary permits will be acquired as needed. CECo states that the Mid-Michigan Pipeline is necessary for the public convenience and necessity and requests that MPSC approve the application and the proposed route.

CECo Testimony

In support of its application, CECo provided the testimony of Jonathon J. Guscinski, Jon M. Hagloch, Margaret F. O'Connor, Andrew G. Volansky, and Paul M. Wolven. Jonathon Guscinski is a Gas Systems Planning Engineer in CECo's Gas Management Services Department. (3 TR 244.) Mr. Guscinski testified that the purpose of his testimony was to provide an overview of CECo's transmission and storage system and the justification for increasing the diameter of Line 100A. (3 TR 245.) He also sponsored exhibits A-1, transmission and storage system and project overview maps, and A-2, schematics of modeled scenarios. (3 TR 245.) He testified that increasing the diameter of Line 100A from 20" in diameter to 36" in diameter would remove a bottleneck and provide resiliency and flexibility into the system in support of system outages. (3 TR 246.) Mr. Guscinski stated that this pipeline replacement will mitigate pipeline integrity risk, risk of outages, improve operational flexibility and resilience, accommodate future growth in demand, and provide other benefits. (3 TR 249.) With respect to operations, he stated that daily incoming gas supply to CECo's system runs from about 600MMcf per day in the winter to about 1,400MMcf per day in the summer. (3 TR 249.) In the summer operations consist of replenishing storage fields and accommodating capital, maintenance, and integrity activities on the system. (3 TR 249.) Winter operations focus on providing sufficient supply and pressure to the distribution system from storage fields and incoming supplies. (3 TR 250.) The section of Line 100A from Ovid Valve Site to the Chelsea Valve Site is the smallest in diameter of the three

mains that proceed from Chelsea. (3 TR 252.) The current 20” diameter line is a bottleneck and an increase to 36” in diameter would improve system performance. (3 TR 255.) He stated that unplanned outages on the system could lead to storage fields not being filled to targeted levels, resulting in more winter purchases with resulting higher gas purchase prices. (3 TR 260.) Increasing the diameter of Line 100A with the Mid-Michigan pipeline would permit the transmission and storage system to tolerate planned and unplanned outages. (3 TR 264.) In conjunction with the Saginaw Trail Pipeline the Mid-Michigan Pipeline would increase CECo’s natural gas transmission capacity, which is needed as demand on the system continues to increase. (3 TR 271-272.) Mr. Guscinski summarized the expected capacity benefits as follows: (1) improved summer system and winter peak day capacity; (2) reduced impacts of outages permitting more integrity and maintenance activities; (3) support to supply plans and reduces restrictions on access to supply sources; (4) increases the reliability in meeting storage targets; (5) provides 40 to 50 MMcf/d of winter peak capacity; (6) reduces compression fuel use due to system efficiency; and (7) facilitated downsizing the Saginaw Trail Pipeline to 24”. (3 TR 275.)

Jon Hagloch is a Senior Engineer III in the Transmission Pipeline Engineering Department in the Transmission Enhancement for Deliverability and Integrity Team at CECo. (3 TR 124.) The purpose of his testimony was to describe the proposed route, engineering and construction specifications, and projected costs of constructing the Mid-Michigan Pipeline. (3 TR 125.) He sponsored exhibits A-3,

the Mid-Michigan Pipeline route, A-4 the Mid-Michigan Pipeline specifications, A-5 the Mid-Michigan Pipeline cost estimate, and A-6 easements for the pipeline. (3 TR 125.) He stated that the route is approximately 55.8 miles long and will be constructed primarily in agricultural land and wooded land, with reroutes where the current Line 100A runs through densely populated areas. (3 TR 126.) This reroute is to be done around Chelsea. (3 TR 127.) The route selection factors consist of the ability to utilize existing pipeline easements, the most direct route, and the possibility to connect with other CECo pipelines to enhance the existing system. (3 TR 128.) Permits would be secured from various agencies effected by the construction, such as road commissions, drain commissions, the state Department of Transportation and the state Department of Environment, Great Lakes, and Energy. (3 TR 5.) Mr. Hagloch testified that the pipeline would be constructed to either meet or exceed the requirements in the Michigan Gas Safety Standards. (3 TR 129.) The cost estimates for the pipeline were developed using historical data with a contingency factor of 16% built in to cover events such as inclement weather, unknown environmental conditions, unknown obstacles, and construction labor and inspection expenses. (3 TR 131.) The projected cost for the line is \$550 million. (3 TR 8.)

Margaret O'Connor is a Principal Environmental Analyst in the Environmental Services Department at CECo. (3 TR 216.) She sponsored Exhibit A-7, the environmental report and provided testimony in support of it. (3 TR 217.) She testified that among the factors considered in the environmental report are

evaluation of construction and operating options, such as open trenching or horizontal directional drilling, recognizing cultural, historic, and archeological resources as well as current and future land uses, soils, geology, wildlife and aquatic resources, and governmental requirements such as permits. (3 TR 218.) She testified that the route would cross 34 waterbodies and approximately 100 wetlands, disturbing about 50 acres of wetlands. (3 TR 219.) She stated that CECO would follow Federal Energy Regulatory Commission (FERC) procedures for construction in wetlands and waterbodies as well as acquiring permits from the state Department of Environment, Great Lakes, and Energy and the counties the pipeline would cross. (3 TR 220.) Horizontal directional drilling would be used in places where the soil is too wet to use the open trench method or to cross waterbodies. (3 TR 220-221.) Both the Indiana bat and the northern long-eared bat have habitat that the pipeline will cross, and mitigation strategies will be utilized to avoid disturbing any known roosts. (3 TR 222-223.) The two major reroutes will be around the city of Chelsea avoiding development that has occurred since Line 100A was installed, and to the east of the campsites in Sleepy Hollow State Park. (3 TR 223.) FERC's procedures for erosion control and re-vegetation will be utilized to minimize soil effects. (3 TR 224.)

Andrew Volansky is a Senior Rate Analyst II in the Revenue Requirement and Analysis sections of CECO's Rates and Regulations Department. (3 TR 283.) He provided the estimated revenue requirements associated with construction of the Mid-Michigan Pipeline and he sponsored Exhibit A-8, the incremental revenue

requirement estimate. (3 TR 284.) He estimated that the stretch running from Chelsea to Williamston would have an incremental revenue requirement including taxes, depreciation, and O&M of \$25.8 million per year with the stretch from Williamston to Ovid having an incremental revenue requirement of \$22 million per year. (3 TR 285.)

Paul Wolven is the Director of System Integrity in CECo's Gas Engineering and Supply, Gas Asset Management Team. (3 TR 90.) He stated that his testimony would describe the benefits of replacing Line 100A from the perspective of integrity management and he sponsored four exhibits: A-9, the 2014-2019 transmission history report; A-10, pipe and coating inspection reports; A-11 confidential Line 100A map; and A-12, projected 20 year costs for Line 100A. (3 TR 91.) He testified that CECo conducts integrity assessments of transmission lines using "smart tools" to detect anomalies that require repair or replacement. (3 TR 92.) The first inspections on the line were conducted in 2007 and most of the significant anomalies were remediated after the 2013 inspection. (3 TR 93-97.) The remaining anomalies total 3,854, with 2,790 being metal loss caused by corrosion and 460 seam weld anomalies. (3 TR 98.) With the corrosion rate, Mr. Wolven predicts that 150 remediation digs would have to be conducted over the next 20 years. (3 TR 99.) The pipeline did suffer a rupture in 2015, and subsequently an electromagnetic acoustic transducer (EMAT) tool was run through the line before a hydrotest was run and 43 digs were conducted to visually inspect the line. (3 TR 100.) He stated that the coating inspection report, exhibit A-10, indicates that 70% of the inspection

reports indicate that the bond between the coating and the pipe has failed, permitting moisture to get between the coating and the pipe. (3 TR 101-102.) He testified that based on this it would be necessary to recoat 72% of Line 100A at a cost of \$100 million over ten years. (3 TR 103.) Stress Corrosion Cracking (SCC) occurs when the material of the line is stressed higher than the threshold for SCC in an environment, such as soils and groundwater, that supports cracking. (3 TR 103-104.) The coating system and cathodic protection are the main barriers to SCC. (3 TR 104.)

After the 2015 rupture a hydrostatic test, a pressure test where the pipe is placed under pressure at its 100% minimum yield strength for 10 minutes, was conducted. (3 TR 104.) Additional tests were conducted after a failure occurred in the line section between Williamston and Laingsburg. (3 TR 105.) In addition, there are 22 locations where the pipeline is shallow, the ground cover being two feet or less, with increased risk for third party strikes from activities such as cultivation. (3 TR 106.) Mr. Wolven testified that the estimated cost over the next 20 years to maintain Line 100A would be \$206.4 million. (3 TR 107.) Line 100A is considered a high-risk pipeline due to its age, the seam type, and threats of external corrosion, SCC, third party strikes, and outside forces. (3 TR 109.) He concluded that considering all of these factors it would be beneficial for customers and public safety to replace Line 100A rather than continue to inspect, repair, and remediate. (3 TR 110.)

CECo Rebuttal Testimony

In response to the testimony filed by other parties in this case, CECo provided the rebuttal testimony of Jon M. Hagloch, Margaret F. O'Connor, and Andrew G. Volansky and the sur-surrebuttal testimony of Paul M. Wolven. Paul Wolven provided sur-surrebuttal testimony in response to Ruth Hummell's surrebuttal testimony regarding the safety of the proposed pipeline route. (3 TR 113.) Mr. Wolven testified that the potential impact radius (PIR) is calculated to inform and help develop pipeline integrity management plans, but that does not mean that people or property at that distance would be impacted by a failure. (3 TR 113.) He also testified that CECo adheres to all federal and state requirements related to pipeline integrity management and safety. (3 TR 113.) There is a PIR calculated for the current pipeline that runs through the Hummells' business property, but Mr. Wolven stated that additional pipeline integrity measures are required in such High Consequence Areas. (3 TR 114-115.)

Jon Hagloch stated that the purpose of his rebuttal testimony was to respond to portions of the direct testimony of Kevin Spence, Ruth Hummell, and ABATE witness Billie La Conte. (3 TR 133.) He also sponsored exhibits A-13, Orlando Drive reroute, A-14, Hummell property current proposed route, A-15, Hummell property potential route under evaluation, and A-16, Hummell proposed route. (3 TR 133.) He testified that CECo considered the same criteria identified by Staff witness Kevin Spence regarding, among other factors, the overall impact of the Mid-Michigan Pipeline on the environment, landowners, crop production, and right-of-

way clearing. (3 TR 134.) He also stated that the proposed route, which includes some deviations from the current route, represents the most direct route. (3 TR 134-135.) Mr. Hagloch expressed a willingness to work with the intervening landowners regarding the proposed pipeline route, but also expressed concerns regarding Mr. Spence's recommendation that any changes to the location of the pipeline be limited to minor deviations that do not impact additional landowners from whom easements have not been secured. (3 TR 136-137.) It was his position that CECo should be able to negotiate with landowners and that, if the MPSC determines that a limitation on changes to the route location is necessary, location changes within 2,000 feet of the proposed route should be sufficient for CECo to address unknown issues that may arise. (3 TR 137.) Mr. Hagloch also noted that CECo will work with landowners to mitigate disruption to farming activities during and after construction, but stated that any time limit on final restoration should be extended to the end of the year following the construction year to account for weather conditions that would hinder restoration efforts. (3 TR 137-138.) Mr. Hagloch addressed the concerns expressed by Ruth Hummell regarding the impact of the proposed pipeline on her business's sewage system and stated that CECo will take precautionary measures to mitigate any potential harm. (3 TR 140-141.) While CECo is open to working with landowners such as Ruth and Robert Hummell, Mr. Hagloch testified that CECo does not agree with the alternative route proposed by Ruth Hummell due to the expected impacts on additional landowners and the additional costs and challenges he believes it would cause. (3

TR 142.) Finally, Mr. Hagloch responded to ABATE witness Billie LaConte's testimony by stating that CECo is not seeking cost recovery in this case. (3 TR 143-144.) He disagreed with Ms. LaConte's recommendation that the MPSC approve a capital cost cap in this case. (3 TR 143-144.)

Margaret O'Connor provided rebuttal testimony aimed at responding to portions of Staff witness Kevin Spence's direct testimony. (3 TR 228.) She also sponsored exhibits A-17, map depicting wetlands for the Chelsea purpose proposed re-route, A-18, map depicting wetlands for the Sleepy Hollow State Park pipeline proposed re-reroute, A-19, data revisions for environmental report appendices A and B, and A-20, re-route maps. (3 TR 228.) She testified that Section 106 of the National Historic Preservation Act does not apply to the Mid-Michigan Pipeline project and that she has not had any interactions with the Michigan State Historic Preservation Office (SHPO) with respect to this project. (3 TR 229-230.) Ms. O'Connor testified to the differences between archeological, historical, and cultural resources and stated that CECo requested that the review by Merjent, Inc. only review historical resources. (3 TR 230-232.) Ms. O'Connor stated that the risk of encountering unknown historical and archeological sites is low based on the nature of such sites and the fact that most of the proposed route has been disturbed previously. (3 TR 233.) She also testified regarding CECo's Unanticipated Discoveries Plan, which provides a course of action to investigate and protect any possible cultural resources discovered during the pipeline construction. (3 TR 233-234.) Based on the perceived risks and the Unanticipated Discoveries Plan, Ms.

O'Connor disagreed with the implication that CECo should consult with SHPO to review cultural, archeological, and historic documentation related to the proposed pipeline route. (3 TR 235-236.) Ms. O'Connor stated that wetland data was unintentionally omitted from the geospatial data provided to Staff, but that it was considered when deciding to reroute portions of the pipeline. (3 TR 237-239.) Some of the minor deviations from the existing pipeline were implemented to avoid wetland impacts, but the two largest deviations (in Chelsea, Michigan and at Sleepy Hollow State Park) were not. (3 TR 237-238.) Ms. O'Connor testified that she still considers these reroutes reasonable in light of the environmental impacts and the location of wetlands in the surrounding areas. (3 TR 241.)

Andrew Volansky provided testimony seeking to rebut the portion of Staff witness Kevin Spence's direct testimony in which Mr. Spence stated CECo should not be allowed to collect upon the remaining undepreciated plant for the abandoned facilities that are no longer in service. (3 TR 288.) Mr. Volansky did not sponsor any exhibits with his rebuttal testimony. He stated that CECo should be allowed to collect upon the remaining undepreciated plant for the existing Line 100A. (3 TR 288.) He agreed that recovery of the remaining net book value of the existing Line 100A should not be addressed in this case, but rather in a future gas rate case after the Mid-Michigan Pipeline is completed. (3 TR 288-289.)

ABATE Testimony

ABATE provided the direct testimony of Billie S. LaConte who is an energy advisor and associate consultant at J. Pollock, Incorporated. (3 TR 332.) Ms.

LaConte's testimony addressed only the proposed costs in CECo's application and does not oppose CECo's certificate of convenience and necessity for the Mid-Michigan Pipeline. (3 TR 332-333.) Ms. LaConte described the cost breakdown of the pipeline and testified that the Mid-Michigan Pipeline will have a significant rate impact. (3 TR 333-335.) She also calculated the estimated rate impact for both pipeline segments based on CECo's recent rate case (Case No. U-20322) and by class. (2 TR 336.) These calculations indicated that the Mid-Michigan Pipeline could increase gas delivery rates by 6.5%, but also that the rate impact will be significantly higher on transportation rates. (3 TR 336.) Ms. LaConte stated that it is premature for the MPSC to approve the proposed capital costs until after construction has been completed and CECo has demonstrated that the costs are reasonable and prudent. (3 TR 337.) Ms. LaConte also opposed the MPSC approving the recovery of any contingency costs for the Mid-Michigan Pipeline. (3 TR 337-338.) She asserted that such costs primarily provide a cushion against cost-overruns due to currently unanticipated risks, but that this is not CECo's only major new pipeline project and that this recent experience should lower the risk of cost-overruns. (3 TR 337-338.) Finally, Ms. LaConte stated that the MPSC should approve a capital cost cap of \$473 million, which excludes the projected contingency costs. (3 TR 338-339.)

Ruth Hummell Testimony

Ruth Ann Hummell, an owner of the Quiet Cove Park in Laingsburg, Michigan and an intervenor in this case, provided testimony regarding the impact of

the proposed pipeline on her business, its sewage system, and the sewage system replacement area. (3 TR 354.) Ruth and Robert Hummell offered four exhibits, HUM-1, HUM-2, HUM-3, and HUM-4, which were admitted to the record. (3 TR 368.) Ms. Hummell stated that the proposed pipeline would cause several problems with the sewage system due to the proximity and could potentially destroy the system. Ms. Hummell also stated that her business would not be able to continue to sell manufactured homes because there would be no place to locate them and this would devalue the business's property. Finally, Ms. Hummell stated that the safety of her business's tenants would not be guaranteed because the PIR of the pipeline is approximately 700 feet. (3 TR 354.)

Ruth and Robert Hummell Rebuttal Testimony

Ruth and Robert Hummell provided rebuttal testimony that addressed the impact of the Mid-Michigan Pipeline on their business's drain field sewage system, safety issues regarding the pipeline's proximity to the residents of their manufactured home park, alternative route options, and the impact of the pipeline to the value of their business property. (3 TR 356-360.) The Hummells testified that the proposed pipeline project would destroy their business's drain field sewage system. (3 TR 356.) They identified several potential consequences of the project for the sewage system, including lack of access, leaks, animal damage, and frost damage. (3 TR 356.) The Hummells also stated that they will not be able to use the designated sewage system replacement area if the project proceeds as planned. (3 TR 357.) The Hummells testified that the proposed pipeline has a PIR of 769 feet,

which they claim encompasses their manufactured home park and poses a safety threat to their residents and the surrounding community. (3 TR 357-358.) Ruth and Robert Hummell testified that it was their hope that CECo would be able to implement their proposed alternative route with minor tweaking because it would address many of their concerns without causing excessive additional expense and inconvenience. (3 TR 359.) The Hummells also stated that adding a site valve near their business would raise additional safety concerns for their residents. (3 TR 360.) Ruth and Robert Hummell also reiterated their position that the proposed pipeline will limit their business's ability to expand and decrease the property value. (3 TR 360.)

In response to CECo's rebuttal testimony, Ruth Hummell also provided surrebuttal statements that were admitted to the record in which she refuted statements made by CECo witness Jon Hagloch regarding the alternate route proposed by Ms. Hummell. (3 TR 364.) Ms. Hummell stated that, while her proposed alternative route would cross the existing line, CECo has engaged in similar activities previously. (3TR 364.) She also stated that Mr. Hagloch failed to address her safety concerns and reiterated her position that the overlap of the PIR with the manufactured home park poses a safety risk. (3 TR 365.) Ms. Hummell testified that the proposed pipeline route has a disproportionate impact on manufactured residential property owners. (3 TR 366.)

Michael Wieschowski Rebuttal Testimony

Michael Richard Wieschowski, an intervening landowner in this case, provided rebuttal testimony in response to statements made by CECo during the course of these proceedings. (3 TR 372.) Mr. Wieschowski also offered two exhibits, MW-1 and MW-2, which were admitted into the record. (3 TR 378-379.) Mr. Wieschowski testified that CECo did not explain the intent behind rerouting the pipeline away from the current easement and his belief that communications from CECo were vague and inadvertently misleading. (3 TR 372.) He also stated that he believes CECo is taking extreme liberties in their favor with respect to the language of the right-of-way document applicable to the portion of the pipeline on or near Mr. Wieschowski's property. (3 TR 373.) Mr. Wieschowski's testimony challenges the accuracy and basis of CECo's statements regarding the impact and cost of the reroute near his property, as well as the motivation for the reroute. (3 TR 374-377.)

Staff Testimony

Staff presented the testimony of Kevin P. Spence, a Public Utilities Engineer in the Gas Operations Section of the MPSC's Energy Operations Division. (3 TR 293.) He stated that the purpose of his testimony was to provide Staff's recommendations regarding CECo's Act 9 application, and that he was sponsoring the following exhibits: S-0, the Interagency Meeting Agenda; S-1 CECo's response to Staff discovery regarding the timeline of the project; S-2, CECo's response to Staff's discovery regarding geospatial data of the route; S-3, CECo's response to Staff's discovery regarding easements; S-4, CECo's response to Staff's discovery

regarding alternate routes; S-5, CECO's response to Staff's discovery regarding construction and remediation in farmland; S-6, CECO's response to ABATE's discovery regarding undepreciated plant; S-7, SHPO correspondence regarding inaccuracies in CECO's environmental report; S-8, CECO's response to Staff's discovery regarding SHPO's concerns; S-9, comparison of CECO's wetlands data with the Federal Wetlands Inventory (FWI), and S-10, CECO's response to Staff's sixth discovery request. (3 TR 290, 298-300.) Mr. Spence testified that Staff had hosted an interagency meeting to discuss the application that was attended by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Michigan Department of Transportation (MDOT), Michigan State Housing Development Authority (MSHDA), Michigan State Historic Preservation Office (SHPO), and Michigan Department of Natural Resources (DNR). (3 TR 300.) Staff conducted this meeting because the input of these other agencies is instrumental in establishing Staff's position. (3 TR 301.) Mr. Spence testified that the Mid-Michigan Pipeline would be constructed in two phases with Phase 1 occurring in 2023 with construction from the Chelsea Valve Site to the Williamston City Gate and Phase 2 occurring in 2024 with construction from the Williamston City Gate to the Ovid Valve Site. (3 TR 302.)

With regard to the route, the pipeline would be constructed in primarily agricultural and wooded land. (3 TR 303.) The line would be primarily in existing easements with two reroutes planned, one around Chelsea to avoid a densely populated area, and another in Sleepy Hollow State Park to avoid impacting park

use in the summer season. (3 TR 303-304.) Staff primarily considered the impact on landowners and the environment when reviewing the proposed route. (3 TR 304.) Environmental impacts include impacts on crops and reroute locations, while landowner impacts include amount of land impacted, proximity to existing structures, and safety during construction. (3 TR 304-305.) With respect to alternate routes, Mr. Spence testified that in its response to discovery that is exhibit S-4, CECo stated that the route proposed was the most direct route and that lengthy alternate routes were not considered. (3 TR 306.) If there are deviations to be made to the route after approval, Staff recommends that the deviations be minor, that is deviations that do not impact additional landowners. (3 TR 306-307.) He stated that with respect to mitigation of landowner impact, Staff recommends working with landowners regarding siting the line, removal of the existing line, decreasing spacing between the proposed line and the existing line, and using directional boring. (3 TR 308.) He testified that if landowner concerns are addressed, then with regard to landowner impact, the Mid-Michigan Pipeline route is a reasonable one. (3 TR 308.)

Regarding the necessity of the pipeline, the first reason put forth by the company was to eliminate a bottleneck in the transportation system by installing a wider diameter pipe and the second was the economics of replacing an aging line rather than try to conduct repairs on it along with the increase in safety and reliability the new line would bring. (3 TR 309-310.) Mr. Spence testified that Staff agrees that replacing the existing 20” diameter line with a 36” diameter line would

reduce a bottleneck in the transportation system and that system integrity and public safety would be enhanced by replacing the aging pipeline with a new pipeline. (3 TR 311-312.) Staff agrees that the public convenience and necessity would be served by the Mid-Michigan Pipeline. (3 TR 313.)

Staff reviewed the engineering specifications for the pipeline and agrees that it will meet or exceed the Michigan Gas Safety Standards and Staff will continue to review construction, maintenance, and operation as safety regulations are enforced by the MPSC. (3 TR 313.) The gas safety standards have requirements for design, construction, pressure testing, operations and maintenance, integrity management, operator qualification, and corrosion control. (3 TR 313.) Staff recommends that the Mid-Michigan Pipeline be constructed of PSL 2 pipe; that GPS coordinates be taken of all girth weld locations; an in-line inspection be conducted within one year of construction to locate any anomalies and that those be remediated as required; and within three months of in-service an above ground electrical survey be performed to identify defects in the pipeline coating. (3 TR 316.) Regarding undepreciated plant, CECo has calculated that \$53,247,552 remains in Line 100A. (3 TR 315.) Staff believes that CECo should stop collecting on the remaining undepreciated plant once Line 100A is out of service because it would not provide any additional benefit to CECo's customers, and that this remaining amount be dealt with in a future gas rate case order. (3 TR 315-316.)

Staff reviewed the environmental impact of the Mid-Michigan Pipeline and at the above-mentioned interagency meeting the SHPO had concerns about the impact

on historical, cultural, and archeological resources. (3 TR 317-318.) CECo had stated that it did not review SHPO records because the existing pipeline was constructed before the existence of the SHPO and that the landscape has already been disturbed by utilities, residences, businesses, and agriculture. (3 TR 319-320.) While Staff agrees that most of the route is in an existing corridor, Staff also believes that a review of the whole route, especially the deviations around Chelsea and in Sleepy Hollow State Park should be conducted. (3 TR 320.) In addition, Staff recommends that CECo consult with the SHPO to review cultural, historic, and archeological documentation pertaining to the route. (3 TR 321.) Mr. Spence testified that wetlands data from the FWI was compared to CECo's geospatial wetland data and eight wetlands locations were identified that CECo had not noted. (3 TR 322.)

Mr. Spence testified that overall, if the MPSC should approve the Mid-Michigan Pipeline, the following recommendations should be included regarding the route, engineering specifications, and environmental impact:

Route – location changes should be limited to only minor deviations; landowner mitigation should be done on a case-by-case basis; and CECo should work with landowners to mitigate disruptions to agriculture with restoration to be completed no later than ten months from completion of construction.

Engineering Specification – remaining undepreciated costs should be addressed in a future rate case; the pipeline be constructed from PSL-2 pipe; GPS coordinates of all girth welds be obtained; in-line inspection of the pipeline within

one year of the in-service date; and have an electrical above-ground survey made within three months of the in-service date.

Environmental Impact – CECo should consult with the SHPO to review documentation relating to historic, cultural, and archeological sites along the proposed route; update the report after consulting with SHPO; reassess the route as it relates to wetlands; and secure all necessary permits prior to construction. (3 TR 324-326.)

II. Argument

A. Staff agrees that the route CECo has chosen is a reasonable route provided Staff's recommendations regarding landowner mitigation and restricting reroutes to minor deviations are adopted.

Staff agrees that the route described by CECo witness Hagloch in his testimony and presented in exhibit A-3. The route, as described, is approximately 55.8 miles long, and is primarily in agricultural and wooded land, primarily following the route of the existing Line 100A. (3 TR 126.) The major reroute of the line would be around Chelsea. (3 TR 127.) Mr. Hagloch testified that the route was primarily selected to use existing easements as much as possible, use the most direct route, and connect with other pipelines in the existing CECo system. (3 TR 128.)

1. Route Deviations.

One of the primary factors Staff considered when reviewing the proposed route was landowner impacts, such as those raised by the Hummel's and Mr.

Wieschowski. (3 TR 304.) “The magnitude of landowner impact involves the proximity of the proposed Mid-Michigan Pipeline, including proposed reroute locations from the existing pipeline, to existing dwellings, the quantity of landowners impacted, the amount of right-of-way required, and the inconvenience and safety of the adjacent landowners during pipeline construction.” (3 TR 305.) Reroutes fall into this category of landowner impacts as CECO’s witness Mr. Hagloch testified that the proposed route of the Mid-Michigan Pipeline, as shown in exhibit A-3 would be “...subject to such changes in location as may become necessary upon actual construction.” (3 TR 125, 306.) Regarding changes in location, Staff recommends that any changes be limited to minor deviations to the proposed route filed with CECO’s application, direct testimony, and exhibits. (3 TR 305-306.) “Staff would consider a change in the location of the proposed pipeline solely within easements already acquired as a minor deviation; alternatively, changing the location of the proposed pipeline across the road, where the Company had not secured easements, would not be considered by Staff to be a minor deviation.” (3 TR 307.) The company considers Staff’s recommendations to be too restrictive, suggesting “that location changes within 2,000 feet of the proposed route should be sufficient for the Company to address unknown issues that may arise.” (3 TR 137.)

Staff is aware that unknown issues may arise, however it is Staff’s opinion that any reroutes that would impact landowners who were not noticed would disadvantage them. Due diligence is required when designing and proposing a

pipeline route. Staff recommends that if a reroute is necessary that impacts unnoticed landowners, that CECo be required to refile the application to permit those landowners the opportunity to intervene.

2. Mitigation of Impacts to Landowners.

Ruth and Robert Hummel are owners of Quiet Cove Park, a manufactured housing community in Laingsburg. (3 TR 354.) They testified regarding the impact of the Mid-Michigan Pipeline on their business, primarily the sewage system and the sewage system replacement area. (3 TR 354.) The potential damage to the sewage system septic field would impact the value of their business. (3 TR 356-360.) The Hummel's proposed an alternate route, as shown in exhibit HUM – 3. They testified that this alternative would address their concerns without causing additional expense or inconvenience. (3 TR 359.)

Michael Wieschowski, a landowner also filed testimony. He testified that he did not believe that CECo had been clear regarding the reasoning for rerouting away from the easement near his property. (3 TR 372.) He challenged CECo's statements regarding the cost and impact of this reroute. (3 TR 374-377.)

With respect to the landowners, Staff recommends that their concerns be mitigated on a case-by-case basis, with additional measures to limit impact on their property. (3 TR 308.) Staff believes that the following measures can reduce both the short-term impacts of construction and long-term safety during operations and maintenance:

Working with the Landowners to re-route the proposed pipeline within their property; removing existing segments of pipeline within their property and locating the replacement pipeline within the preexisting and newly excavated location; decreasing the spacing between the proposed line and the existing line which will be abandoned; constructing the pipeline with additional depth of cover; and directionally boring large sections to minimize the surface impact in these areas. (3 TR 308.)

With Staff's recommendations regarding any reroutes and these considerations to minimize landowner impacts, it is Staff's opinion that the Mid-Michigan Pipeline is a reasonable route.

B. While Staff agrees that the engineering specifications meet or exceed the Michigan Gas Safety Standards, Staff has specific recommendations with respect to the construction and testing of the Mid-Michigan Pipeline.

As Staff witness Kevin Spence testified, Staff is generally supportive of CECo's Application on the basis of the proposed route, engineering specifications, and project necessity. (3 TR 327.) Staff agrees that the proposed engineering specifications included in the application meet or exceed the Michigan Gas Safety Standards. Yet, Staff has specific recommendations with respect to the construction and testing of the Mid-Michigan Pipeline. CECo is generally agreeable to these recommendations, with the exception of one small timing modification that is acceptable to Staff. (3 TR 313-317 & 325-326.)

CECo witness Jon Hagloch testified that CECo agrees with multiple construction and testing recommendations made by Staff witness Kevin Spence. Specifically, CECo agrees to: 1) construct the proposed pipeline from PSL 2 pipe, which was the assumed material used to calculate CECo's cost estimates for the

project (3 TR 138 & 325); 2) obtain GPS coordinates of all girth weld locations (3 TR 139 & 325); and 3) perform an in-line inspection using a geometry tool capable of detecting dents or other anomalous conditions no later than one year after the in-service date of the pipeline. (3 TR 139 & 325.) Mr. Hagloch also testified that the remediation of any dents detected from the in-line inspection would occur in accordance with Michigan Gas and Safety Standards. (3 TR 139.)

Staff and CECo further agree that the remaining undepreciated plant should not be addressed in this case. Both agree that this matter should be addressed in a future CECo natural gas rate case to take place after the proposed pipeline is constructed. (3 TR 315-316 & 288-289.)

Finally, in Mr. Spence's direct testimony, he recommended that an above-ground electrical survey of the pipeline be performed no later than three months after the in-service date of the pipeline. (3 TR 325-326.) This survey would attempt to identify defects in the pipeline coating that could cause future corrosion if not addressed. Staff further recommended that all detected anomalies that become anodic when the cathodic protection system is off be remediated within one year after detection and that, within six months of the electrical survey, the data collected be used to place additional external corrosion control test stations at any identifiable and significant dips in electric potential, as necessary and in accordance with 49 CFR 192.469. (3 TR 326.)

While CECo agrees to conduct the electrical survey, it does not agree with Staff's recommendation that the survey take place within three months after the in-

service date. In his rebuttal testimony, CECo witness Jon Hagloch stated that the electrical survey should not be performed during the winter with frost conditions, which he stated would interfere with the accuracy of the survey. (3 TR 140.) He also stated that three months may not be sufficient to allow the backfill to thaw and settle around the pipe. Instead, CECo proposed performing the above-ground electrical survey within six months after the in-service date. (3 TR 140.) Staff accepts CECo's proposed time extension to account for possible impediments posed by weather and conditions.

Staff requests that the Commission adopt these construction and testing recommendations if it approves the certificate of public convenience and necessity sought by CECo in this case. These recommendations will further the pipeline's quality and safety.

- C. Staff recommends that CECo's environmental plan be approved, provided CECo adheres to the Unanticipated Discoveries Plan and consults with SHPO should any archeological, historic, or cultural resources be discovered during construction and all necessary federal, state, and local permits are acquired before construction.**

As Staff witness Kevin Spence testified, given Staff's concerns with the Company's review of cultural, archeological, and historic resources, coupled with the apparent lack of wetland review along proposed reroutes from the existing pipeline, Staff did not have enough information at the time of filing its direct testimony and exhibits to make a recommendation regarding the environmental impact of the Company's proposed Mid-Michigan Pipeline project. (3 TR 327.) Staff provided

specific recommendations with respect to mitigating the environmental impacts which would be imposed by the construction of CECo's Mid-Michigan Pipeline. CECo was generally not agreeable to these recommendations. (3 TR 228.)

First, in Mr. Spence's direct testimony, he recommended that CECo consult with SHPO to review cultural documentation relating to the proposed pipeline route to resolve any adverse impacts to cultural, archeological, and historic properties prior to pipeline construction. (3 TR 326.) CECo witness Margaret O'Connor rebuts Mr. Spence's recommendation by concluding that the proposed pipeline project will not include federal agency involvement, and therefore Section 106 of the National Historic Preservation Act, and by extension a consultation with SHPO, is not required of CECo for this pipeline application. (3 TR 230.) Furthermore, Ms. O'Connor expressed through rebuttal testimony that CECo retained Merjent, Inc. to perform a review of historical resources for the proposed Mid-Michigan Pipeline corridor. (3 TR 231-232.) Ms. O'Connor further elaborated that CECo believes an archaeological review to be unnecessary due, in part, to the fact that the entirety of the existing pipeline corridor has been disturbed, and that CECo will, instead, utilize and execute on its Unanticipated Discoveries Plan to address archaeological resources during construction. (3 TR 291 & 233, exhibit S-10, P. 9.) Staff was not aware of the existence of CECo's Unanticipated Discoveries Plan, and therefore could not be assured during its initial review of CECo's environmental impact that archaeological resources, should they be discovered, would be properly handled

during construction. Staff first became aware of the existence of CECo's Unanticipated Discoveries Plan through the rebuttal testimony of Ms. O'Connor and received a copy of said plan through CECo's response to Staff discovery request S-10. Upon further review of the Unanticipated Discoveries Plan, Staff is comfortable that CECo has a plan in place to properly handle archeological resources, should they be discovered during construction. Furthermore, Staff agrees with Ms. O'Connor's conclusion that Section 106 of the National Historic Preservation Act is not required for this pipeline application and, by extension thereof, a consultation with SHPO is not required. Staff, however, recommends that CECo abide by the Unanticipated Discoveries Plan and consult with SHPO should archeological, historical, or cultural resources be discovered during construction.

Second, in Mr. Spence's direct testimony, he recommended that CECo should seek to consult with SHPO to update their Environmental Report given the inaccuracies with the Historic Sites Online and NRHP review which have been brought to attention by SHPO. (3 TR 326.) In Kevin Spence's direct testimony, Staff recounted statements from SHPO which were expressed through Staff's interagency meeting. During the interagency meeting, SHPO claimed that these reviews are either impossible to conduct, or that they would gather results of such poor quality that they could not be relied upon. (3 TR 318.) Staff submitted as exhibit S-7 SHPO's conclusion of CECo's use of the Historic Sites Online and NRHP for its environmental review. SHPO concluded that: 1) the Company

could not have performed a review of the MSHDA's Historic Sites Online because it was a SHPO resource that was taken down about a decade ago; and 2) a review of the NRHP would not provide acceptable results for archaeological sites as location information for archaeological sites is not available online because, for their protection, they are exempt from FOIA and protected by state and federal law. (3 TR 291, exhibit S-7, P. 1.)

Ms. O'Connor rebuts Staff's recommendation by stating Merjent represents that the information was available when the research was conducted a number of years ago; and because these were State and nationally sponsored information sites, there would be no reason to question the quality of the information contained therein. Furthermore, Ms. O'Connor provided three locations in rebuttal testimony for finding Michigan's historic places for review. (3 TR 232.) Through a discovery response submitted as Exhibit S-10, Ms. O'Connor acknowledged that Merjent, Inc. conducted its online research in January 2017. (3 TR 291, S-10, P. 10.) Clearly, as SHPO, which maintained the Historic Sites Online site, stated that it was removed nearly a decade ago, Merjent, Inc. could not have performed an environmental review for the project in January 2017; or, at best, Merjent, Inc. was conducting its environmental review utilizing outdated data from the site. Additionally, Ms. O'Connor, through a discovery response submitted as exhibit S-10, stated that Merjent, Inc. did not use the three locations provided in rebuttal testimony to see if any historical sites are near the already existing corridor or re-routes. Ms. O'Connor continues by stating that they were included as representative examples

of the information that is and was available through State-sponsored websites because the site that was searched by Merjent, Inc. is no longer available. (3 TR 291, S-10, P. 11.) Clearly, the three websites provided by Ms. O'Connor through rebuttal testimony should not be taken into consideration for this application review as Ms. O'Connor states they were examples of sites which could be reviewed but were not actually reviewed for the purposes of this pipeline application. Per Staff's request through a discovery response, submitted as exhibit S-10, Merjent, Inc. updated its historical structures review on February 16, 2020; and CECo has revised the Environmental Report to reflect this update. (3 TR 291, exhibit S-10, pp 11 & 31-32.) Upon review of CECo's revised and updated Environmental Report, and now that it is further knowledgeable that CECo' has an Unanticipated Discoveries Plan, Staff is comfortable with CECo's review of the archeological, historic, and cultural resources review of the proposed pipeline route.

Third, in Mr. Spence's direct testimony, he recommended that CECo reassess the proposed Mid-Michigan Pipeline environmental impact, specifically as it relates to proposed reroutes and wetland impact. (3 TR 326.) CECo had supplied Staff with geospatial data for which to review the proposed pipeline route, landowner parcels, easements, and wetlands data. Upon Staff's initial review, specifically focusing on the proposed reroutes from the existing Line 100A, Staff identified eight wetland locations near or along CECo's proposed pipeline reroutes that were identified in the National Wetlands Inventory database but not included in CECo's geospatial wetland data provided to Staff. (3 TR 322.) Additionally, the

wetlands which Staff identified were not included in CECo's Environmental Report as filed with the direct testimony of Ms. O'Connor as exhibit A-7 (MFO-1).

Through rebuttal testimony, Ms. O'Connor stated that those wetlands were inadvertently omitted from the geospatial wetland data provided to Staff because the wetland field reviews conducted by the wetland scientists were not updated when CECo provided the geospatial data to Staff. (3 TR 238.) Additionally, through a discovery response submitted as exhibit S-10, CECo submitted to Staff an updated copy of the geospatial data which included all of the omitted wetlands data; and furthermore, provided a wetland data update to the Environmental Report, correcting the omission of data. Furthermore, Ms. O'Connor provided a response relating to each of the eight wetlands in proximity to proposed reroutes which Staff identified were missing from the CECo Environmental Report and geospatial data; all of the reroutes are proposed not to avoid wetlands areas, but to avoid populated areas. (3 TR 291, exhibit S-10, pp 18-36.) Upon review of the data CECo provided through a discovery response submitted as exhibit S-10, Staff is comfortable with CECo's review of the wetland impacts which will occur through the construction of the proposed Mid-Michigan Pipeline.

Lastly, in Mr. Spence's direct testimony, he recommended that CECo secure all necessary federal, state, and local permits prior to the start of project construction. (3 TR 326.) Staff maintains this recommendation.

III. Request for Relief

Staff agrees that the route of the Mid-Michigan Pipeline is a reasonable route, but makes the following recommendations to the Commission if the pipeline is improved:

- 1) Rerouting should be kept to only minor deviations within acquired easements; if any reroutes that would impact the property of landowners who were not noticed CECo should be required to refile the application to permit those landowners notice and opportunity to be heard.
- 2) CECo should be required to take steps to mitigate the effect of the pipeline's construction, operations, and maintenance on landowner's property by re-routing the proposed pipeline within the property; removing existing segments of pipeline within the property and locating the replacement pipeline within the pre-existing and newly excavated location; decreasing the spacing between the proposed line and the existing line which will be abandoned; constructing the pipeline with additional depth of cover; and directionally boring large sections to minimize the surface impact in these areas.
- 3) The Mid-Michigan Pipeline should be constructed from PSL 2 pipe; GPS coordinates of all girth weld locations should be obtained; an in-line inspection using a geometry tool capable of detecting dents or other anomalous conditions conducted no later than one year after the in-service

date of the pipeline; and conduct an above-ground electrical survey within six months after the in-service date.

Respectfully submitted,

MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

Michael J. Orris(P51232)
Nicholas Q. Taylor (P81020)
Assistants Attorney General
Public Service Division
7109 W. Saginaw Hwy.
Lansing, MI 48917
(517)284-8140

Dated: March 30, 2020

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
CONSUMERS ENERGY COMPANY for a
Certificate of Public Convenience and
Necessity to Construct and Operate the
36-inch Mid-Michigan Pipeline.

Case No. **U-20618**
(e-file paperless)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF EATON)

Pamela A. Pung, being first duly sworn, deposes and says that on **March 30, 2020**, she served a true copy of **Michigan Public Service Commission Staff's Initial Brief** upon the following parties **via email only**:

Consumers Energy Company

Gary A. Gensch, Jr.
Theresa A.G. Staley
Anne M. Uitvlugt
One Energy Plaza
Jackson, MI 49201
gary.genschjr@cmsenergy.com
theresa.staley@cmsenergy.com
anne.uitvlugt@cmsenergy.com

Administrative Law Judge

Hon. Sharon L. Feldman
Administrative Law Judge
Michigan Public Service Commission
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917
feldmans@michigan.gov

Robert & Ruth Hummell

Robert Hummell
Ruth Hummell
3014 W. Bluewater
Ionia, MI 48846

thehummm@yahoo.com

ABATE

Bryan A. Brandenburg
Michael J. Pattwell
Stephen A. Campbell
Clark Hill PLC
212 East Cesar Chavez Ave.
Lansing, MI 48906
bbrandenburg@clarkhill.com
scampbell@clarkhill.com
mpattwell@clarkhill.com

Mike Wieschowski

Mike Wieschowski
wieschowski@chartermi.net

Mike Wieschowski

Mike Wieschowski
wieschowski@chartermi.net

Pamela A. Pung

Subscribed and sworn to before me
this 30th day of March, 2020.

Cherie A. Richie, Notary Public
State of Michigan, County of Ingham
Acting in the County of Eaton
My Commission Expires April 13, 2022