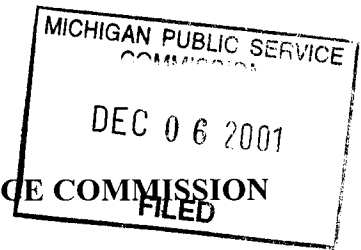


STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION



In the matter of the application of)
WOLVERINE PIPE LINE COMPANY for authority)
under 1929 PA 16 to construct, operate and maintain)
a pipe line for the transportation of liquid petroleum)
products.)
_____)

Case No. U-13225

PREFILED DIRECT TESTIMONY
OF
L.C. COLE
ON BEHALF OF WOLVERINE PIPE LINE COMPANY

1 Q₁ PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

2 A₁ My name is L.C. Cole. I am the Vice President and General Manager of Wolverine Pipe
3 Line Company ("Wolverine"). My business address is 8105 Valleywood Lane, Portage,
4 MI 49024- 5251.

5
6 Q₂ PLEASE BRIEFLY DESCRIBE YOUR BACKGROUND AND WORK
7 EXPERIENCE.

8 A₂ I received a Bachelor of Science Degree in Agricultural Education from East Texas State
9 University in 1966. Since 1993, I have been the Vice President and General Manager of
10 Wolverine. Prior to that, I held positions with Mobil Pipe Line Company for seventeen
11 (17) years including: Pipeliner, Meter Technician, Chief Delivery Gauger, Field
12 Supervisor, Measurement and Loss Control Advisor, Area Supervisor and Area Manager.

1 These positions all related to the daily operation and maintenance of pipelines
2 transporting crude oil, carbon dioxide, natural gas liquids and refined petroleum products.
3 I have also served on technical committees of the American Petroleum Institute.

4
5 **Q₃ HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

6 **A₃** Yes, I testified on behalf of Wolverine in Case No. U-12334.

7
8 **Q₄ WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A₄** The purpose of my testimony is to explain, provide necessary background and support
10 Wolverine's application to construct, operate, and maintain the proposed petroleum
11 products pipeline. I will also address the pipeline's route and Wolverine's operation and
12 maintenance policies and procedures.

13
14 **Q₅ PLEASE DESCRIBE WOLVERINE PIPE LINE COMPANY.**

15 **A₅** Wolverine is a Delaware corporation authorized to transact business in the state of
16 Michigan. Wolverine's shareholders are Citgo Pipeline Investment Co., Marathon Oil
17 Company, PUT LLC, Mobil Pipe Line Company, Equilon Pipeline Company, and TRMI
18 Holdings, Inc.

19
20 Wolverine is experienced in the construction, operation and maintenance of pipelines,
21 including those utilized for the transportation of petroleum and petroleum products.

1 Wolverine has been operating pipelines for over 45 years and currently has approximately
2 65 employees.

3
4 Wolverine currently owns approximately 745 miles of pipeline and operates
5 approximately 529 miles of pipeline and related facilities within the State of Michigan.
6 Wolverine also owns and operates approximately 92 miles of pipeline within the State of
7 Illinois, 162 miles of pipeline within the State of Indiana and 12 miles of pipeline within
8 the State of Ohio. These totals approximate 1,011 miles of pipeline and related facilities
9 owned and operated within the Wolverine system. Wolverine presently supplies
10 approximately 30% of Michigan's liquid petroleum needs.

11
12 **Q₆ WHO ELSE WILL TESTIFY ON BEHALF OF WOLVERINE IN THIS**
13 **PROCEEDING?**

14 **A₆** In addition to my testimony, Wolverine will present the testimony of three other
15 witnesses. Mr. C.S. Woodburn will testify as to the purpose, need, construction cost, and
16 engineering and safety specifications of the proposed pipeline 12" pipeline. Mr. Steve
17 Koster will testify as to the environmental assessment conducted on the proposed route
18 of the proposed pipeline. Finally, Mr. Daniel M. Cooper will testify as to the safety
19 characteristics of the operation and construction of the proposed pipeline.

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21 **Q₇ ARE YOU SPONSORING ANY EXHIBITS?**

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A₇ Yes, I am sponsoring Exhibits A- (LCC - 1) and A - , (LCC - 2), both of which were prepared by me or under my direction supervision.

Exhibit A- (LCC- 1) is a map of the proposed pipeline route. Exhibit A- (LCC-2) is a listing of all townships that will be affected by the proposed pipeline route.

Q₈ WHY IS WOLVERINE PRESENTING TESTIMONY ON THE SAFETY CHARACTERISTICS OF THE OPERATION AND CONSTRUCTION OF THE PROPOSED PIPELINE ROUTE?

A₈ During discussions with Commission Staff relative to this docket and the previous Case No. U-12334, concerns were raised over perceived safety risks of the proposed pipeline. To address those concerns, Wolverine retained Mr. Cooper to conduct an independent safety and risk assessment study of the remaining segment at issue in this proceeding.

Q₉ PLEASE PROVIDE NECESSARY BACKGROUND RELATIVE TO WOLVERINE'S FILING IN THIS DOCKET.

A₉ This filing is an outgrowth of Wolverine's March 3, 2000 application in Case No. U-12334, which was captioned *In the matter of the application of Wolverine Pipe Line Company to construct, operate, and maintain a combination 12-inch and 16-inch outer diameter liquid petroleum products pipeline system in Jackson, Ingham, and Clinton counties*. In Case No. U-12334, Wolverine requested comparable authority to that requested herein for the following:

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☞₁ A 20.9 mile-long, 16-inch line to extend from its Jackson Meter Station in Blackman Township, Jackson County (the Jackson station), to its Stockbridge Meter Station in Stockbridge Township, Ingham County (the Stockbridge station).¹

☞₂ A 42.3 mile-long, 12-inch line to run from its Stockbridge station to its LaPaugh Meter Station in Bengal Township, Clinton County (the LaPaugh station).²

☞₃ With respect to the Stockbridge station, a 5,000 barrel interface mix tank, a sump tank with pumps, two mainline pumps, two tank booster pumps, a new control building, and associated flow meters, valves, and other ancillary equipment.³

☞₄ With respect to the LaPaugh station, a sump tank with pumps, two mainline pumps, and associated flow meters, valves, and other ancillary equipment.⁴

☞₅ Eight block valves, three of which would be installed in the 16-inch pipeline segment from Jackson station to Stockbridge station and five of which would be located along the 12-inch pipeline segment from Stockbridge station to LaPaugh station.⁵

1 March 7, 2001, Case No. U-12334 order, p 3.

2 *Id.*

3 *Id.*

4 *Id.*

5 March 7, 2001, Case No. U-12334 order, pp 3, 4.

1
2 In Case No. U-12334, following extensive evidentiary hearings, on March 7, 2001, the
3 Commission issued its Opinion and Order granting Wolverine's application in its entirety
4 except for the portion of the 12-inch pipeline between I-96 and the LaPaugh Station.⁶
5 More specifically, the Commission's Case No. U-12334 order included the following:

6
7 ☞_A Approval of the proposed 16-inch pipeline between Jackson station and
8 Stockbridge station.⁷

9
10 ☞_B Approval of the proposed 12-inch pipeline from Stockbridge station to I-96.
11 However, Wolverine agreed not to begin construction of any part of this line until
12 the Commission approves the application in the instant docket).⁸

13
14 ☞_C Approval of the proposed facilities' upgrades at both Stockbridge station and
15 LaPaugh station.⁹

16
17 ☞_D Acceptance of Wolverine's pledge that once it has secured all necessary approvals
18 and has completed construction of its modified 12-inch pipeline, it will
19 "permanently discontinue use of the 8-inch pipeline through Meridian Township
20 for hydrocarbon transportation service."¹⁰

6 March 7, 2001, Case No. U-12334 order, p 9.

7 March 7, 2001, Case No. U-12334 order, pp 9, 10.

8 *Id.*

9 *Id.*

10 *Id.*

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- ☞_E A finding that the need for the proposed pipeline system has been established.¹¹
- ☞_F A finding that the portions of the proposed pipeline system identified in ☞_A, ☞_B and ☞_C above were designed and routed in a reasonable manner.¹²

Thus, following issuance of the Commission’s March 7, 2001, Order in Case No. U-12334, the sole remaining segment of the project is the authority presently being sought by Wolverine from the Commission for the construction and operation of a segment of 12" pipeline North of I-96.¹³ The instant application is filed requesting the Commission's authority with respect to the new route.

Q₁₀ PLEASE DESCRIBE THE AUTHORITY THAT WOLVERINE IS SEEKING FROM THE COMMISSION BY WAY OF ITS PRESENT APPLICATION.

A₁₀ Wolverine seeks authority pursuant to 1929 PA 16, MCL § 483.1 *et seq.*, as amended to construct, operate and maintain the remaining segment of 12" pipeline, approximately 26 miles in length, for the transportation of liquid petroleum products. Wolverine intends to acquire required right-of-way and easement grants along the route of this pipeline through negotiations with the Michigan Department of Transportation and property owners, as well as through permit and license applications (where applicable) but requests

¹¹ March 7, 2001, Case No. U-12334 order, p 15.
¹² March 7, 2001, Case No. U-12334 order, pp 16, 17, 18.
¹³ March 7, 2001, Case No. U-12334 order, p 9.

1 Commission's certification in the interest of expedition and efficiency should eminent
2 domain authority ever become necessary.

3
4 **Q₁₁ PLEASE DESCRIBE THE ROUTE OF THE REMAINING SEGMENT THAT**
5 **WOLVERINE SEEKS AUTHORITY TO CONSTRUCT.**

6 **A₁₁** The route basically consists of three segments. The first segment commences at a location
7 near the intersection of Wolverine's existing 8-inch pipeline and Meridian Road, which
8 segment will be constructed on rights-of-way obtained from private landowners along the
9 east side of Meridian Road. The length of this segment is approximately 1.25 miles and
10 will terminate at or near the intersection of Meridian Road and I-96.

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12 The second segment commences at or near the intersection of I-96 and Meridian Road,
13 and will proceed in a westerly direction and then in a northerly direction on the I-96 right-
14 of-way a distance of approximately 22 miles. The I-96 right-of-way is under the control
15 and jurisdiction of the Michigan Department of Transportation (MDOT). It is anticipated
16 that the MDOT will consent to Wolverine's request that it be authorized to use the I-96
17 right-of-way for the construction of the proposed pipeline.

18
19 The third segment will be constructed on rights-of-way which Wolverine has obtained or
20 will obtain from private landowners, and will commence at a location on the I-96 right-of-
21 way and proceed in a northeasterly direction approximately 1.2 miles to Marathon
22 Ashland Petroleum's Lansing Terminal.

1 The total length of the proposed segment of 12" pipeline is approximately 26 miles. A
2 map of the remaining proposed pipeline route is attached to my testimony as Exhibit A-
3 ____ (LCC - 1). Exhibit A-__ (LCC - 2) is a listing of the townships which will be
4 traversed by the proposed 12" pipeline.

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6 **Q₁₂ WHY WAS THIS PROPOSED ROUTE SELECTED BY WOLVERINE FOR THE**
7 **LOCATION OF THE 12" PIPELINE THAT IS THE SUBJECT MATTER OF**
8 **WOLVERINE'S APPLICATION?**

9 A₁₂ Wolverine considered several alternate routes for this phase, which Wolverine refers to
10 as the *Spartan Project*. One factor was that a new route not be located in densely
11 populated areas. Another consideration was a route that would provide comparative ease
12 of access to the pipeline to perform normal maintenance activities. Wolverine also sought
13 a route that would be relatively safe from third party intrusion because most problems
14 encountered by underground pipeline are caused by activities of third parties. An example
15 is damage that may result to a pipeline if it is struck by a backhoe or other types of
16 construction equipment. With these and other factors in mind Wolverine concluded that
17 the MDOT right-of-way would provide a reasonable site for the pipeline construction.

18
19 The MDOT right-of-way will provide for the access that Wolverine needs in order to
20 perform routine maintenance after the pipeline is placed in service. Likewise, since
21 MDOT restricts the use of its rights-of-way, the likelihood of Wolverine's pipeline being
22 damaged as a result of activities of third parties is greatly reduced. MDOT does not allow

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residential or commercial development in close proximity to it rights-of-way. The proposed location also responds to concerns about the pipeline being located in densely populated areas.

I would like to also mention that MDOT has allowed other entities subject to the jurisdiction of this Commission to utilize its rights-of-way. A good example is the location of fiber optic cables in the right-of-way. As managed by the MDOT, use of highway rights-of-ways provide excellent utility corridors. Wolverine also gave serious consideration to the environmental impact of the proposed pipeline along the proposed route.

Q₁₃ PLEASE DESCRIBE THE OPERATION AND MAINTENANCE POLICIES AND PROCEDURES THAT WOLVERINE FOLLOWS WITH REGARD TO ITS PIPELINES.

A₁₃ It is Wolverine's policy to conduct its pipeline operation and maintenance activities in a manner that protects the safety and health of the public, its employees and the environment. Naturally inherent in this policy is strict compliance with the numerous laws and regulations governing the pipeline industry. Wolverine meets and, in many instances, exceeds the requirements set forth by the United States Department of Transportation, Office of Pipeline Safety. For example, Wolverine conducts weekly route inspections, which is twice as frequent as the bi-weekly inspection required by the regulations. Wolverine conducts internal ultrasonic pipe wall inspections, which are not required by

1 the regulations. Wolverine also utilizes redundant pressure control devices, which are
2 monitored by manned computers twenty four hours per day, seven days per week.
3 Specifically, Wolverine maintains compliance with Title 49 of the Code of Federal
4 Regulations, Part 190: Safety Procedures, Part 194: Response Plans for Onshore
5 Pipelines, and Part 195: Transportation of Hazardous Liquids by Pipeline. Wolverine also
6 complies with, as applicable, regulation set forth by the United States Coast Guard, The
7 United States Environmental Protection Agency, the Michigan Department of
8 Environmental Quality, the Michigan Department of Natural Resources, Michigan
9 Occupational Safety and Health Administration, and the Michigan State Fire Marshall.

10
11 While the above regulations are numerous, they establish minimum standards of
12 compliance. It is Wolverine's policy to use sound engineering practice and pipeline
13 industry best practices to develop internal operation and maintenance procedures that are
14 more stringent than regulations require. Wolverine utilizes three written procedural
15 manuals, which together comprise over one thousand pages of printed material to serve
16 as a guide for its employees during normal operations and maintenance and during
17 abnormal operations and emergencies. These manuals are the basis for continual
18 employee training so that their response to any normal or emergency situation is
19 appropriate given Wolverine's stated objective of protecting the safety and health of its
20 employees, the public, and the environment.

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Q₁₄ WILL THESE SAME OPERATION AND MAINTENANCE POLICIES AND PROCEDURES BE APPLIED TO THE PIPELINE PROPOSED IN THIS APPLICATION?

A₁₄ Yes, they will.

Q₁₅ PLEASE ADDRESS THE TIMING OF THE PROJECT.

A₁₅ Time is of the essence in this matter. If construction is to be completed by the 2002/2003 winter season, an order is required by April 1, 2002. First, approximately 40 miles of new pipeline must be constructed. Second, it will be necessary for Wolverine to coordinate its construction activities with those of MDOT. MDOT is planning to conduct construction during the Spring and Summer of 2002 along corresponding portions of I-96 and Wolverine will be required to accommodate the MDOT's schedule and construct when and where the MDOT allows.

Q₁₆ WILL WOLVERINE ACCEPT THE REQUIREMENTS IMPOSED BY 1929 PA 16 FOR PETROLEUM PRODUCTS PIPELINES?

A₁₆ Yes, it will.

1 Q₁₇ DOES THIS CONCLUDE YOUR TESTIMONY?

2 A₁₇ Yes, it does.

LAN01\86961.1

ID\CMMA

TOWNSHIPS AFFECTED BY THE PROPOSED PIPELINE ROUTE

1. Watertown Charter Township
12803 Wacousta Rd
Grand Ledge, MI 48837-9240

2. Alaiedon Township
2021 W. Holt Road
Mason, MI 48854-9451

3. Delhi Charter Township
2074 Aurelius Rd
Holt, MI 48842-1332

4. Delta Charter Township
7710 W. Saginaw Hwy
Lansing, MI 48917-8974

5. Windsor Charter Township
405 W. Jefferson
Dimondale, MI 48821-9551

6. Wheatfield Township
985 Holt Rd
Williamston, MI 48895-9754