

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) Case No. U-13225
Transportation of liquid petroleum products.)
_____)

DIRECT TESTIMONY AND EXHIBITS OF

DONALD J. MAZUCHOWSKI

ON BEHALF OF THE

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Date: February 15, 2002

PREPARED TESTIMONY OF DONALD J. MAZUCHOWSKI
CASE NO. U-13225
PART I - QUALIFICATIONS

1 Q. Will you please state your name and business address.

2 A. My name is Donald J. Mazuchowski, 6545 Mercantile Way, Lansing, Michigan,
3 48911.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed as an Intrastate Pipeline Engineer Specialist on the Staff of the Michigan
6 Public Service Commission.

7 Q. Will you briefly describe your educational background and professional experience?

8 A. I was graduated from Michigan State University in June of 1977 with a Bachelor of
9 Science Degree in Biochemistry and a Bachelor of Science Degree in Chemical
10 Engineering in August of 1980. I was employed by Gearhart Industries in New York
11 from September of 1980 until June of 1981. I was put in charge of a well logging truck
12 and crew. I evaluated the gas reserves and productive possibilities of the gas and oil
13 wells in the western New York and northwestern Pennsylvania areas. Since January
14 1982, I have been a Petroleum Engineer with the Staff of the Michigan Public Service
15 Commission. One of my principle duties with the Staff has been to make various
16 engineering studies related to the Commission's regulation of intrastate gas production,
17 proration and transmission. My responsibilities include well log analysis, geophysical
18 evaluation, drawing of isopach maps, evaluation of well tests and calculation of field
19 reserves. For pipeline applications, I have been responsible for field route reviews,
20 environmental reviews, economic feasibility studies, gas pipeline specifications and the
21 preparation and presentation of Staff cases for public hearing. My duties also involve

1 the issuance of Standard Well Connection Permits and Allowable Withdrawal Orders,
2 participation in intrastate gas purchase contract pricing cases, maintaining gas
3 production records and tabulating gas field proration balances.

4 Q. Can you elaborate on what is involved in your environmental reviews of pipeline
5 projects?

6 A. I analyze the potential environmental effects that a proposed pipeline project will have
7 on the state. This analysis includes an evaluation of the proposed route to minimize the
8 amount of new right-of-way utilized, minimize the amount of environmentally-sensitive
9 areas crossed by the pipeline and recommending the use of construction methods that
10 have the least impact on the environment. The projects are handled on a case-by-case
11 basis, with some requiring a more in-depth analysis than others.

12 Q. Have you presented expert testimony before the Commission in the past on
13 environmental issues and other areas of your responsibilities?

14 A. Yes, on numerous occasions.

15 Q. Have you participated in or attended any educational programs or seminars related to
16 your work experience?

17 A. I have completed engineering courses and seminars in Well Logging Fundamentals and
18 Applications; Reservoir Engineering; Petroleum Geology; Pressure Buildup and
19 Drawdown Analysis; Gas Supply; and, Natural Gas Engineering - Production and
20 Storage, among others. I have also completed the "Annual Regulatory Studies
21 Program" sponsored by the National Association of Regulatory Utility Commissioners

1 at Michigan State University and a Pipeline Safety Seminar sponsored by the U.S.
2 Department of Transportation.

3 Q. Are you a member of any professional societies or organizations?

4 A. Yes. I am a Registered Professional Engineer in the State of Michigan and a member
5 of the Michigan Section of the Society of Petroleum Engineers.

DIRECT TESTIMONY OF DONALD J. MAZUCHOWSKI
CASE NO. U-13225
PART II

1 Q. Briefly describe Wolverine Pipe Line Company's (Wolverine) proposal.

2 A. Wolverine proposes to construct the Spartan Pipeline from Meridian Road just south
3 of Okemos, Michigan to Marathon Ashland Petroleum's Lansing Terminal near the
4 Lansing airport. The pipeline will consist of approximately 25 miles of 12-inch
5 diameter steel pipeline. 22 miles of the entire 25 mile route will be in the limited
6 access I-96 right-of-way, which is under the control of the Michigan Department of
7 Transportation (MDOT).

8 Q. Why is the Spartan Pipeline being proposed?

9 A. In March of 2000, Wolverine proposed its initial application to construct and operate
10 the Jackson to Lapaugh Pipeline, which began just north of Jackson, Michigan,
11 extends to Wolverine's pump station near Stockbridge, and continues northwesterly
12 to the Lapaugh Station near St. Johns, Michigan. In the initial application and the one
13 filed in this matter, Wolverine stated the Mid-Michigan area is in need of more supply
14 of liquid petroleum products, due in part to the closure of the Total/UDS Alma
15 refinery in 1999. In Commission Order No. U-12334, issued on March 7, 2001, the
16 Commission found there is a need for the pipeline. However, the Commission only
17 approved the Southern portion of the Jackson to Lapaugh Pipeline because
18 Wolverine had withdrawn the northern portion of that application. On December 6,
19 2001, Wolverine filed the Spartan Pipeline application, the subject matter in this case,
20 as a replacement to the northern portion withdrawn from their last application.

1 Construction of the Spartan Pipeline will enable Wolverine to take the pipeline
2 constructed in the late 1930's between Freedom Junction and its Lapaugh Station out
3 of service.

4 Q. What type of liquid petroleum products are proposed to be transported by
5 Wolverine's Spartan Pipeline?

6 A. Primarily, gasoline and fuel oil which are hazardous and flammable liquids.

7 Q. How are liquid petroleum products transported to market in the United States?

8 A. Pipelines are the most common mode of transportation. Pipelines transport
9 approximately 64% of the liquid product in the United States. Exhibit S-
10 _____ (DJM-1) is a pie chart, which depicts the different modes of
11 transporting petroleum products for 1997. These numbers do not change much from
12 year to year.

13 Q. Why are pipelines the preferred way to transport liquid petroleum products?

14 A. Transportation by pipeline is the most feasible, economic and safest mode of
15 transportation. To replace the equivalent volume of product this pipeline would
16 deliver to the Mid-Michigan market, a fleet of trucks would be required to carry 275
17 loads per day, the equivalent of a tanker truck load about every 5 minutes each day.
18 The proposed pipeline will result in less congestion and safer roads in the entire Mid-
19 Michigan area. Transportation by pipeline is much less expensive than other
20 transportation modes. Pipelines are able to deliver a gallon of fuel from the producing

1 areas in the southern portion of the United States, to the major consuming areas of
2 the nation for a few cents a gallon. In addition, pipelines are inherently safer to
3 operate than other transportation modes and have a significantly lower accident rates.

4 Q. Please compare the safety performance of liquid petroleum product transportation by
5 pipeline with other transportation modes?

6 A. Trucks have an extremely high rate of accidents when compared to pipelines. As
7 shown by Exhibit S-_____ (DJM-2), trucks have an 87 times higher accident
8 rate than liquid pipelines. Fires or explosions are 35 times more likely with a truck
9 incident than a pipeline incident. In addition, the oil pipeline industry's spill record has
10 been improved substantially over the last 30 years, with the number of spills
11 decreasing by nearly 40 percent and the volume of oil spill decreasing by about 60
12 percent. This can be attributed to technological advances in the design, construction,
13 operation and maintenance of pipelines, improved third party damage prevention
14 programs, as well as better and quicker response plans in the event of a leak.
15 Therefore, the safety performance of liquid petroleum product transportation by
16 pipeline is preferred over other transportation modes such as rail or truck.

17 Q. Have the environmental impacts of spills from pipelines changed recently?

18 A. Yes. The environmental impacts have been reduced because a large portion of the
19 barrels lost are later recovered through industry clean up efforts. Estimated direct
20 recovery from all liquid releases in the year 1998, from pipelines as well as tank farms

1 and pump stations, was nearly 80% of the liquid volume spilled. Wolverine
2 recovered 80% of the liquid volume in the Blackman Township spill in the year 2000.
3 Wolverine is assessing a plan for the remediation of the remaining contaminated soil.

4 Q. What is third party damage?

5 A. Damage that occurs to the outside of a pipeline, usually by parties other than the
6 pipeline operator, when power equipment is used during the excavation process.

7 Third party damage is one of the leading causes of pipeline incidents. Exhibit S-
8 _____ (DJM-3) shows the petroleum product pipeline accidents by cause and
9 Exhibit S-_____ (DJM-4) shows the volume released by cause for the period
10 from 1994-2000. As can be seen from Exhibit S-_____ (DJM-4), accidents
11 from outside force damage which include third party damage is the leading cause of
12 petroleum product volume released. If you can minimize the chance of a third party
13 contact, the probability of a leak is significantly reduced.

14 Q. Would you please describe Staff's review of the Wolverine's proposal?

15 A. The Staff reviewed the proposal by reading the application and Wolverine's prefiled
16 testimony and exhibits. Staff sent out discovery questions to Wolverine and examined
17 the answers. Staff met with representatives of Wolverine on several occasions. Staff
18 has also worked together with MDOT and Wolverine on the portion of pipeline
19 located in the I-96 corridor. We conducted a number of route reviews and examined
20 the impact to the public water wells in the vicinity of the pipeline. Staff also

1 investigated additional safety features for this pipeline.

2 Q. What is Staff's position on Wolverine's route selection for the pipeline?

3 A. Generally, Staff would prefer to locate the pipeline away from populated areas,
4 however we must consider overall feasibility, land ownership and terminal points.
5 Staff was not in favor of Wolverine's proposal, in Case No. U-12334, which
6 traversed through the highly congested areas of Meridian Township and East Lansing.
7 However, after reviewing the proposed route in this case and the potential
8 alternatives, both in this case, and those presented in Case No. U-12334, the Staff
9 believes utilizing the I-96 corridor is the preferred route for the Mid-Michigan area.

10 Q. What are the benefits of the route of this pipeline?

11 A. The freeway corridor is isolated, fenced, has minimal easements and contractors have
12 to be permitted by MDOT before they are allowed to work inside the corridor. As
13 mentioned earlier, this corridor will minimize third party damage because of the
14 limited access provided by the highway and the regulation by the MDOT. The route
15 utilizes existing corridors almost the entire length, which in turn, minimizes the impacts
16 to the residents and their property and minimizes environmental damage. The route
17 has no residences within 50 feet of the pipeline and few residents within 150 feet from
18 the pipeline. In general, most residences are not located near the highway. Unlike
19 almost every other potential corridor, in the future, most residences will not build near
20 the edge of the freeway. The freeway corridor will act as a buffer area for safety.

1 Also, Wolverine has designed into this pipeline additional safeguards in addition to
2 what is required to meet the Federal Regulations.

3 Q. What additional safeguards have been designed into the pipeline?

4 A. Mr. Woodburn's Exhibit A-_____ (CSW-2), provides a comparison between
5 what is required by Federal Regulations and the additional safeguards Wolverine is
6 utilizing. Some of the more important safeguards are that: (1) Wolverine is adding
7 extra wall thickness for its pipe which will further minimize the potential for corrosion
8 leaks and make it more difficult to fail if there was a third party contact; (2) In the
9 sections of the pipeline to be directional-drilled, Wolverine will be utilizing additional
10 wall thickness and special coating for the pipe; (3) Redundant over-pressure
11 protection, experienced inspectors and extra coverage depths will be utilized; (4)
12 Wolverine will internally inspect (smart pig) each pipeline segment every 5 years; (5)
13 Wolverine will provide extra remotely operated mainline valves and hydrocarbon
14 detectors which will quickly shut down the pipeline in the event of a leak thus
15 minimizing the volume of any product lost; and (6) Aerial patrols will be scheduled
16 weekly.

17 Q. How does the route of the Spartan Pipeline compare to the route Wolverine
18 proposed in Case No. U-12334 in Meridian Township and East Lansing?

19 A. I compared the proposed Spartan Pipeline route with Wolverine's original proposed
20 route through the highly congested area of Meridian Township and East Lansing. The

1 risk of third party damage is enormously reduced with the Spartan Pipeline route.
2 Utilizing the limited access I-96 corridor creates a distance buffer between the
3 businesses and residents. The previously proposed pipeline in Meridian Township
4 and East Lansing has 14 houses closer than 50 feet while the entire Spartan Pipeline
5 has none. The Michigan Gas Storage alternative, which was one of four Staff
6 recommended alternatives has more houses closer than 150 feet to the pipeline than
7 the Spartan proposal. The Michigan Gas Storage alternative was the most remote
8 location of the four alternatives. The previously proposed pipeline was very close to
9 the two schools, the water treatment facility, Meridian Mall, two retirement homes,
10 and it bisected apartment and condominium complexes. In the unlikely event of a
11 leak on the Spartan Pipeline, disruptions to the residents will be minimized because
12 the corridor is already isolated. Exhibit S-_____ (DJM-5) lists these and
13 other differences.

14 Q. What is your opinion regarding the operation of the existing 8 inch pipeline in the
15 Meridian Township and East Lansing area versus the operation of the proposed
16 Spartan Pipeline?

17 A. Staff believes the Spartan Pipeline will be safer than the older existing Wolverine
18 pipeline that exists today in the Meridian Township and East Lansing area. The
19 Spartan Pipeline has more safeguards. The older existing pipeline has an increased
20 risk of failure which increases the threat of the groundwater aquifer becoming

1 contaminated. The older existing pipeline located in Meridian Township area,
2 operates over the Saginaw formation without the state of the art design features of the
3 Spartan Pipeline. The Saginaw formation contains the aquifer from which the Lansing
4 area draws its drinking water. The older existing pipeline, built in the late 1930's,
5 while still safe to operate, has a higher probability of a leak from third party damage
6 or other causes than a new state of the art Spartan Pipeline.

7 Q. If the Spartan Pipeline is approved and placed in operation what will happen to the
8 older existing Wolverine Pipeline in th Meridian Township area?

9 A. Wolverine has stated upon completion of the Spartan Pipeline, they will remove the
10 older existing pipeline in the Meridian Township area from hydrocarbon service.

11 Q. What has the Staff done to evaluate the potential effects the proposed pipeline may
12 have on the drinking water supply in the area?

13 A. In addition to meeting with our own geological engineers on this issue, Staff has met
14 with officials of the U.S. Geological Survey(USGS) and the Drinking Water and
15 Radiological Protection Division of the Michigan Department of Environmental
16 Quality(MDEQ). Staff met with these officials to discuss the potential impact of the
17 pipeline on the area's groundwater, consequences of a spill, remediation methods and
18 contingency plans to minimize the risk. Most of the drinking water wells in this area
19 are covered with significant layers of impervious clay above the bedrock aquifer.
20 However, some wells do not have this protective layer and are at greater risk.

1 Currently the precise location of the areas without the impervious layers, that are
2 near water wells, are unknown but we believe the areas are small. The Staff agrees
3 with USGS and the MDEQ that it is difficult if not impractical in today's society to
4 eliminate all new threats or risks to the area. That is the reason a state of the art
5 contingency and response plans would minimize any risk to these wells. Included in
6 the plan should be an aquifer vulnerability study near the pipeline attempting to locate
7 areas that do not contain the protective clay areas.

8 Q. What is the Wellhead Protection Program?

9 A. It is a state managed program developed by Municipalities, to protect public water
10 supply systems using groundwater, from potential sources of contamination.

11 Protection is provided by identifying the area contributing groundwater to public
12 water wells, identifying sources of contamination within the area, developing methods
13 to cooperatively manage the area, and developing a contingency plan for water
14 supply emergencies.

15 Q. Does Lansing have a Wellhead Protection Program?

16 A. Yes. Lansing had been involved with the MDEQ and the surrounding local
17 communities in developing a plan for this area.

18 Q. Mr. Pandy, in testimony for the City of Lansing submitted with its petition to intervene
19 in this case generally testified that the Mason Esker, which runs from DeWitt, through
20 Lansing, to Mason, is of concern because water moves very rapidly through the sand

1 and gravel of an esker. If contamination occurred in the Mason Esker, it would also
2 move very quickly and impact the drinking water. Do you agree with these
3 statements?

4 A. No. Most of the Lansing water wells are completed in the bedrock. In the unlikely
5 event of a leak, Wolverine's contingency plan would contain the leak before it
6 reached the bedrock drinking aquifer. Currently in Lansing, many gasoline stations
7 have underground storage tanks which leaked and contaminated the ground with
8 gasoline, which is the main product transported in the Wolverine Pipeline. These
9 contaminated sites are in varying stages of remediation to remove the contamination
10 from the ground. I am not aware of any situation where a leak has affected Lansing's
11 drinking water.

12 Q. Are there existing facilities in the Lansing area that pose a similar or greater threat to
13 the drinking water supply?

14 A. Yes. Existing railroad and highway traffic, landfills, and other industrial sites can
15 transport or store potential hazardous liquids.

16 Q. In your opinion, how does the Wolverine's proposed Spartan Pipeline impact the
17 local wellhead protection area?

18 A. One of the main parts of a Wellhead Protection Plan is to address potential sources
19 or areas that could be a threat to the water supply. Once identified, contingency
20 plans are added to the plan to minimize threats to the water supply. The Lansing area

1 has a Wellhead Protection Program that has been in place since 1990, which has
2 adequately protected the local water supply and demonstrated Lansing is well
3 equipped to handle threats to their water supply. This same technology used to clean
4 up contaminates around underground storage tanks can be utilized to contain and
5 remove any potential contaminants from the Wolverine Pipeline. Wolverine should
6 work with the City of Lansing to develop a specific contingency plan to minimize any
7 impact to the area.

8 Q. How do you know the contingency plan will be adequate to protect the local water
9 supply?

10 A. The technology to clean up gasoline contamination is currently being utilized in the
11 Lansing area and to my knowledge gasoline has not contaminated the drinking water.
12 The unfortunate spill in Blackman Township, almost two years ago, of a larger
13 diameter higher pressure pipeline than proposed now by Wolverine, has shown with
14 proper planning and emergency procedures, significant damage to the environment
15 can be minimized. No water wells were contaminated and the spill posed minimal
16 permanent damage to the environment. Wolverine recovered 80% of the product
17 lost and has removed and replaced, as much as practical, the contaminated soil
18 around the site of the leak and nearby creek bank. Wolverine is monitoring the area
19 and continuing to work with the MDEQ. Wolverine has shown that with the help of
20 the Federal, State and Local officials, they can effectively contain a leak and protect

1 the public as well as their source of drinking water. Furthermore, as a last resort type
2 of protection, Lansing's water supply can be gathered in a central location and
3 treated to remove any contaminant that may reach the water supply.

4 Q. What impact does abandoned water wells have on the proposed pipeline?

5 A. Abandoned wells that are not properly plugged are a potential threat to contaminate
6 the water supply system. Any type of contaminate spilled nearby that enters the
7 abandoned well bore could potentially pose a threat. Lansing is working on a 10
8 year plan to plug these wells in the area.

9 Q. What should be done to reduce the threat of contamination along the pipeline route?

10 A. Lansing has identified 73 abandoned wells, approximately a half mile from the
11 pipeline. Even though Wolverine's pipeline has the proper safeguards to operate
12 safely in this area, Wolverine's contingency plan should address the location of the
13 abandoned wells to assure, in the unlikely event of a spill, that contaminants would
14 not get into these wells. In addition, Staff believes it would be prudent for Wolverine
15 and the City of Lansing to develop and implement a plan to properly plug the
16 abandoned wells in the near future. Plugging these wells would provide another layer
17 of protection near the pipeline as well as minimize threats to the Wellhead Protection
18 Area from a number of other sources.

19 Q. What is your opinion regarding the environmental impact if the pipeline is
20 constructed?

1 A. The pipeline follows or is in existing right-of-way for essentially its entire length.
2 These areas have previously been disturbed and have not damaged the environment.
3 Staff believes the pipeline will cause minimal impact to the environment if constructed
4 and operated as proposed in the Environmental Impact Report.

5 Q. Who is responsible for Pipeline Safety regulation of the proposed pipeline?

6 A. The Office of Pipeline Safety (OPS) of the U.S. Department of Transportation
7 regulates the safety of the pipeline. Exhibit S-_____ (DJM-6) contains a letter
8 from OPS which explains the jurisdiction and the actions taken by OPS to date.
9 Exhibit S-_____ (DJM-7) is the OPS data depicting the decrease in the
10 number of accidents and volume of each accident on a yearly basis.

11 Q. What is your opinion of the safety of the proposed pipeline?

12 A. Staff believes that the pipeline is designed in a manner that exceeds the Hazardous
13 Liquid Pipeline Safety Regulations administered by the OPS and can be operated in a
14 safe manner. However, additional safety features can add protection that would
15 further reduce the possibility of a leak and reduce the threat to Lansing area's
16 drinking water.

17 Q. What additional safety features are you recommending?

18 A. Staff recommends Wolverine install at least two automatic-operated mainline valves
19 in the I-96 corridor, to provide for rapid shutdown of any failed pipeline segment.
20 These valves would remove the chance of human error if a larger leak occurred. In

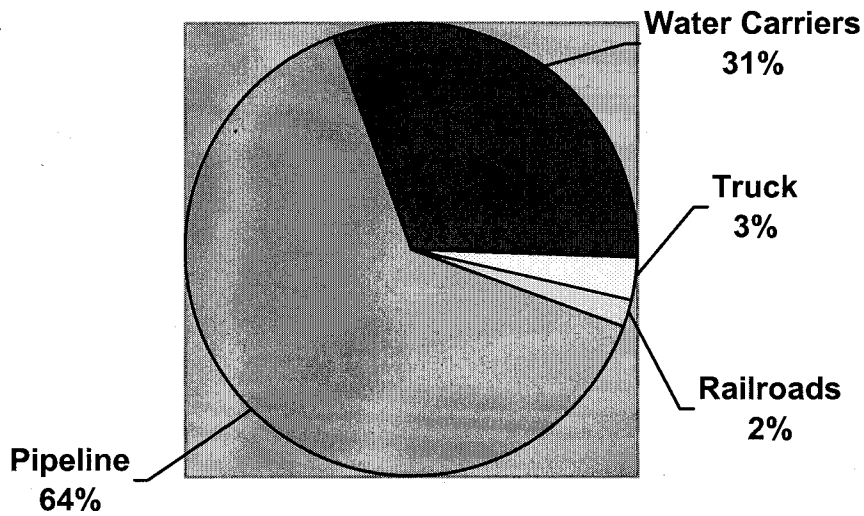
1 the alternative, Wolverine could install a safety device that would automatically detect
2 leaks. In addition, Staff recommends Wolverine utilize pipe with a wall thickness of
3 0.5 inches in the area underlain by the Mason Esker. The extra wall thickness will
4 provide an extra layer of protection against corrosion leaks or from third party
5 damage. Finally, Staff recommends the Commission require Wolverine to develop a
6 specific detailed Emergency Response Plan for this pipeline and work with State and
7 Local public safety officials to ensure the plan can be carried out.

8 Q. What is Staff's recommendation regarding the application?

9 A. Staff recommends the Commission approve Wolverine's request contingent on
10 Wolverine agreeing to the additional safety features mentioned above. Staff believes
11 the Spartan Pipeline as proposed by Wolverine together with the additional safety
12 features proposed by Staff can be operated in a manner that will minimize any safety
13 risk to the general public as well as to the groundwater.

Domestic Shipments of Petroleum, 1997

Case No.: U-13225
Witness: Mazuchowski, Donald J.
Exhibit No.: S-_____ (DJM-1)
Date: February 15, 2002
Page: 1 of 1



Source: Association of Oil Pipe Lines

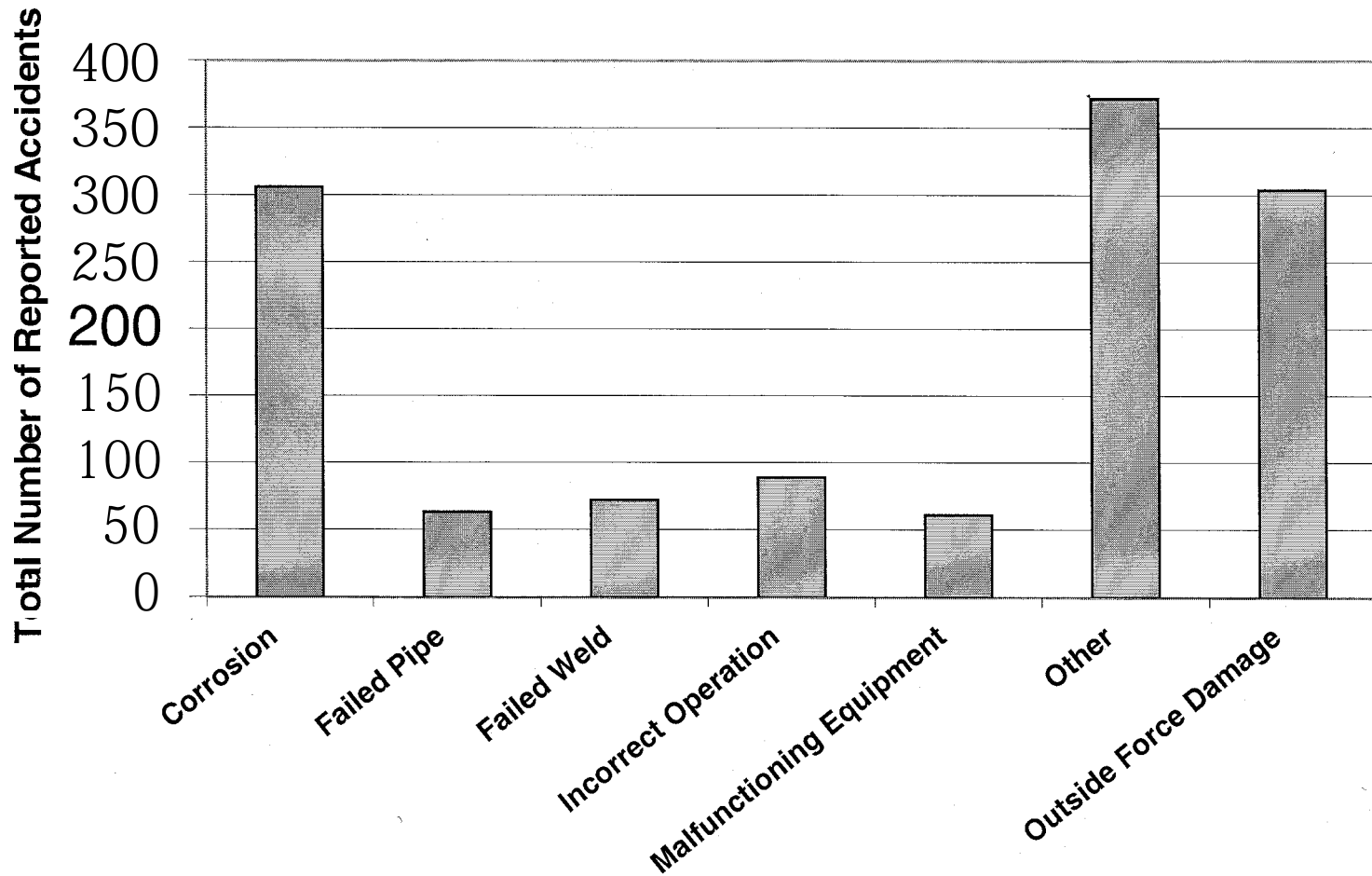
Relative Occurrence of Transportation Accidents Per Ton-Mile of Oil Transported, 1992-1997

Event	Pipeline ^a	Rail	Tank ship	Barge	Truck
Fatality	1.0	2.7	4.0	10.2	87.3
Injury	1.0	2.6	0.7	0.9	2.3
Fire/Explosion	1.0	8.6	1.2	4.0	34.7

^aThe rates of occurrence are based on a value of 1.0 for pipeline. Values of less than 1.0 indicate a better safety record.

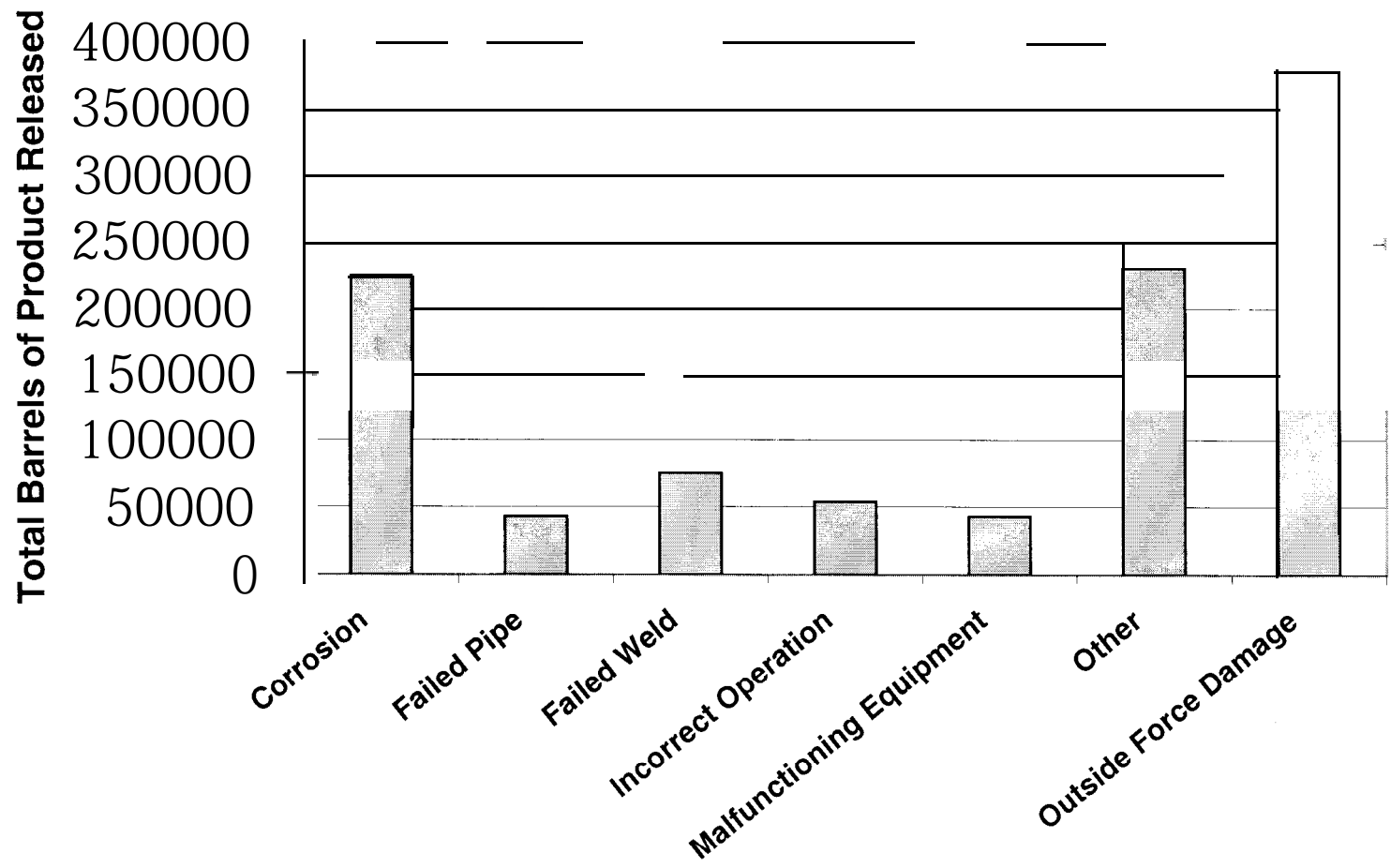
Source: Association of Oil Pipe Lines.

Petroleum product pipeline accidents by cause for 1994-2000



Office of Pipeline Safety Data

Petroleum product volume released by cause for 1994-2000



Office of Pipeline Safety Data

**Route Comparison
 Meridian Township/East Lansing & Spartan Pipeline Routes**

	<u>Meridian Township/E.L.</u> (U-12334)	<u>Spartan Pipeline</u> (Current Case)
Pipeline segments compared	Meridian Township/E.L.	Meridian Road to Lansing Terminal
Length compared	8 miles	25 miles
Total length Stockbridge - Terminus	Stockbridge -- LaPaugh 42 miles	Meridian Rd.-- Lansing Terminal 25 miles
Limited access corridor	No	Yes -- 22.5 miles
School yards crossed	Edgewood Elementary Donley Elementary	0
Apartment complexes crossed	Hamilton Trace Marquette Senior Apts Carriage Hills East Brandywine Creek	0
Subdivisions crossed	Ember Oaks Sylvan Glen Shaker Heights Banyon Park Heritage Hills Towar Gardens Area	0
Mall parking lots crossed	1	0
Number of houses less than 50 feet from pipeline	14	0
Number of apartment buildings less than 50 feet from pipeline	7	0
Water treatment facility less than 50 feet from pipeline	1	0
Retirement home adjacent to pipeline	1	0
Municipal water wells located near pipeline	Yes	Yes



U.S. Department
of Transportation

Research and
Special Programs
Administration

Central Region
Pipeline Safety

901 Locust, Room 462
Kansas City, MO 64105-2641

Case No.:
Witness:
Exhibit No.:
Date:
Page:

U-13225
Mazuchowski, Donald J.
S-_____ (DJM-6)
February 15, 2002
lofl

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 14, 2002

Mr. Mike Kidd
Director - Gas Division
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Dear Mr. Kidd:

This letter is in response to Mr. Proudfoot's letter dated January 18, 2002, in reference to Wolverine Pipe Line Company's filing on December 6, 2001 with the Michigan Public Service Commission for an application to construct a 26 mile section of its Spartan System, a liquid petroleum products pipeline, in the Lansing, MI area. I am writing to confirm that the Central Region, Office of Pipeline Safety plans to inspect the construction of Wolverine Pipe Line Company's proposed Spartan project and that jurisdiction for compliance with applicable pipeline safety regulations is the responsibility of the Central Region, Office of Pipeline Safety.

The Central Region, Office of Pipeline Safety, has reviewed the Wolverine Pipe Line Company's design plans and specifications included with your letter and will further review its construction standards in conjunction with our construction inspections. The specifications submitted appear to be satisfactory. Our construction inspections will include review of more specific procedures and standards to ensure construction of the pipeline in accordance with pipeline safety regulations.

As you are aware, our responsibilities include ensuring compliance with regulations that cover the design, construction, testing, operation, and maintenance of interstate and intrastate hazardous liquid pipeline facilities. The proposed pipeline must comply with these regulations. We normally initiate our inspections in conjunction with the start of construction.

I need to point out, however, that our regulations do not cover, nor do we have the regulatory authority to address, siting or right-of-way concerns with regard to the installation of pipelines.

If I can be of additional assistance in this matter, please call me at (816) 329-3800.

Sincerely,

Ivan A. Huntoon
Director, Central Region
Office of Pipeline Safety

cc: Mr. Paul Proudfoot
Supervisor Gas Safety Section
Gas Division
Michigan Public Service Commission

**OFFICE OF PIPELINE SAFETY
 HAZARDOUS LIQUID PIPELINE OPERATORS
 ACCIDENT SUMMARY STATISTICS BY YEAR
 1/1/1986 - 12/31/2001**

Year	No. of Accidents	Fatalities	Injuries	Property Damage	Gross Loss (Bbls)	Net Loss (Bbls)
1986	210	4	32	\$16,077,846	282,791	220,317
1987	237	3	20	\$13,140,434	395,854	312,794
1988	193	2	19	\$32,414,912	198,397	114,251
1989	163	3	38	\$8,813,604	201,758	121,179
1990	180	3	7	\$15,720,422	124,277	54,663
1991	216	0	9	\$37,788,944	200,567	55,774
1992	212	5	38	\$39,146,062	137,065	68,810
1993	229	0	10	\$28,873,651	116,802	57,559
1994	245	1	*7	\$62,166,058	164,387	114,002
1995	188	3	11	\$32,518,689	110,237	53,113
1996	193	5	13	\$81,083,269	154,960	95,597
1997	171	0	5	\$42,810,659	195,549	125,700
1998	153	2	6	\$62,864,796	149,297	60,791
1999	168	4	20	\$43,108,560	167,245	104,490
2000	147	1	4	\$115,703,745	105,968	54,207
2001	109	0	3	\$20,893,539	85,468	66,393
Totals	3014	36	*242	\$653,125,190	2,790,622	1,679,640

Historical totals may change as OPS receives supplemental information on incidents.

* Does not include 1,851 injuries that required medical treatment reported for the October, 1994 accidents that were caused by severe flooding near Houston, Texas.