

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.)	
_____)	

APPLICATION

Pursuant to 1929 PA 16; MCL 483.1 *et seq.* and Rule 601 of the Michigan Public Service Commission's ("Commission" or "MPSC") Rules of Practice and Procedure, R 460.17601, Wolverine Pipe Line Company ("Wolverine") respectfully requests authority to construct, operate and maintain a 12-inch pipeline system, approximately 26 miles in length, for the transportation of liquid petroleum products, from a location on I-96 in the vicinity of Meridian Road in Ingham County to Marathon Ashlands Petroleum, LLC's Lansing Terminal ("Lansing Terminal") located in Clinton, County. In support, Wolverine states as follows:

1. Wolverine is a Delaware corporation engaged in the construction, operation and maintenance of pipelines, including those utilized for the transportation of petroleum and petroleum products.
2. Wolverine's principal office is located at 5105 Valleywood Lane, Portage, Michigan 49024-5251, with its Michigan registered office being c/o Corporation Company, 615 Griswold, Detroit, Michigan.
3. Wolverine is authorized to transact business in the state of Michigan and is in good standing. Pursuant to Rule 601(1)(a) of the Commission's Rules of Practice and Procedure, R

DYKEMA GOSSETT • A PROFESSIONAL LIMITED LIABILITY COMPANY • 800 MICHIGAN NATIONAL TOWER • LANSING, MICHIGAN 48933-1742

460.17101(1)(a), the complete name, title, address and telephone number of the Official or agent is as follows:

Mr. C.S. Woodburn
Project Executive
Wolverine Pipe Line
800 Bell Street
Houston, Texas 77252-2220
(713)-656-3699

4. In this proceeding, Wolverine will be represented by the following individuals and firm:

Albert Ernst (P24095)
aernst@dykema.com
Christine Mason Soneral (P58820)
cmason@dykema.com
DYKEMA GOSSETT PLLC
800 Michigan Nation Tower
Lansing, Michigan 48933
Tel: (517) 374-9155
Fax: (517) 374-9191

Paul O’Konski
paul.f.o’konski@exxonmobil.com
Law Department
Wolverine Pipe Line Co.
PO Box 2220
Houston, TX 77252-2220
Tel: (713) 656-4669
Fax: (713) 656-5593

5. Wolverine has been operating pipelines in Michigan for over 45 years. It currently owns approximately 745 miles of pipeline and operates approximately 529 miles of pipeline and related facilities within the State of Michigan. Wolverine also owns and operates approximately 92 miles of pipeline within the State of Illinois, approximately 162 miles of pipeline within the

DYKEMA GOSSETT • A PROFESSIONAL LIMITED LIABILITY COMPANY • 800 MICHIGAN NATIONAL TOWER • LANSING, MICHIGAN 48933-1742

State of Indiana and 12 miles of pipeline within the State of Ohio. This totals approximately 1,011 miles of pipeline and related facilities that are owned and operated within the Wolverine system. Wolverine presently supplies approximately 30% of Michigan's liquid petroleum needs.

6. Wolverine is an interstate common carrier engaged in the transportation of petroleum products. The rates to be charged by Wolverine for transporting petroleum products in the proposed pipeline system will be established pursuant to the rules and regulations of the United States Federal Energy Regulatory Commission ("FERC"). The construction and continued operation of the proposed pipeline is subject to the rules and regulations of the Office of Pipeline Safety, United States Department of Transportation, the FERC, and all other applicable federal, state and local laws.

7. This filing is an outgrowth of Wolverine's March 3, 2000 application in Case No. U-12334, entitled *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.*

8. In Case No. U-12334, Wolverine requested comparable authority to that requested herein for the following:

A. 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

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

B. 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

C. 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

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

E. 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

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

A. Approval of the proposed 16-inch pipeline between Jackson station and Stockbridge station.⁷

² March 7, 2001, Case No. U-12334 order, p 3.

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

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

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

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

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

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

C. Approval of the proposed facilities' upgrades at both Stockbridge station and LaPaugh station.⁹

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

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 ¶9A, ¶9B and ¶9C above was designed and routed in a reasonable manner.¹²

10. Thus, following issuance of the Commission's March 7, 2001 order in Case No. U-12334, the remaining segment of the pipeline that is the subject matter of this application is, for the most part, the proposed system between I-96 and the Lansing Terminal.¹³

⁸ March 7, 2001, Case No. U-12334 order, pp 9, 10.

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

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

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.

DYKEMA GOSSETT • A PROFESSIONAL LIMITED LIABILITY COMPANY • 800 MICHIGAN NATIONAL TOWER • LANSING, MICHIGAN 48931-1742

11. The instant application requests Commission authority with respect to *the replacement segment, i.e.*, the “new route” as described in ¶s 12, 13 and 14 below.

12. The first segment will commence at a location near the intersection of Wolverine’s existing 8-inch pipeline and Meridian Road, which segment will be constructed on rights-of-way obtained from private landowners along the east side of Meridian Road. The length of this segment is approximately 1.25 miles and will terminate at or near the intersection of Meridian Road and I-96.

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

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

15. A map of the resulting proposed pipeline system route is attached hereto as Exhibit 1.

16. When completed, the proposed pipeline system will be operated and maintained by Wolverine and accomplish the following objectives:

A. It will have adequate capacity to supply the liquid petroleum products requirements of the consuming public formerly served by the now closed Total/Ultramar Diamond Shamrock (Total/UDS) refinery located in Alma, Michigan.

B. It will provide access to competitively priced liquid petroleum products originating in Chicago and Gulf Coast area refineries.

C. It will effectively replace the former Total/UDS 8-inch pipeline running between LaPaugh and Freedom Junction, Michigan as the primary liquid petroleum products transportation facility supplying distribution centers to serve the needs of Michigan consumers in the east-central, central, and northern Michigan areas.

D. It will have an average capacity of 55,000 barrels per day (BPD), based upon the system configuration and an assumed product mix of approximately 70% gasoline and 30% distillates.

E. It will incorporate the latest in pipeline system technology and materials specifically designed to provide safe, non-intrusive, economical, reliable and non-encroaching transportation of liquid petroleum products in compliance with all applicable federal, state and local laws, regulations and rules, including those promulgated by this Commission.

F. It will enable Wolverine to provide Michigan consumers with safe and economical delivery of liquid petroleum product requirements in the east-central, central, and northern Michigan areas for the foreseeable future and avoid any decrease in available supply occasioned by the recent closure of the Total/UDS refinery in Alma, Michigan.

17. Pursuant to Rule 601(1)(b) of the Commission's Rules of Practice and Procedure, R 460.17101(1)(b), the cities, villages or townships affected by this pipeline segment include the

City of Lansing and the Townships of Wheatfield, Alaiedon, Delhi, Windsor, Delta, and Watertown.

18. Pursuant to Rule 601(1)(c) of the Commission's Rules of Practice and Procedure, R 460.17101(1)(c), the nature of the service to be furnished is set forth in ¶16 above.

19. Pursuant to Rule 601(1)(e) of the Commission's Rules of Practice and Procedure, R 460.17101(1)(e), a full description of the proposed new construction for the replacement segment, including the manner in which it will be constructed, is set forth in the attached prefiled testimony and exhibits of C.S. Woodburn.

20. Pursuant to Rule 601(1)(f) of the Commission's Rules of Practice and Procedure, R 460.17101(1)(f), other utilities rendering the same type of service with which the replacement segment is likely to compete include Buckeye Pipeline Company.

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

22. This pipeline and all associated facilities will be designed, located, constructed, operated and maintained in accordance with the requirements of all applicable federal, state and local laws, rules and regulations, including those of this Commission.

23. After the resulting pipeline system is in place, Wolverine will continue to maintain the pipeline system within operating standards for safety that will meet or exceed United States Department of Transportation Pipeline Safety Regulations (49 CFR Part 195) as well as

applicable state or local requirements. Implemented policies and procedures regarding safety inspection and testing requirements are available for Commission review.

24. Wolverine estimates that the cost of the proposed pipeline will be approximately \$17.5 million.

25. Wolverine anticipates that construction of the project will result in significant job creation and economic benefits in the area communities.

26. Wolverine represents that construction of this pipeline and continued operation of the proposed system will cause minimal impact to the Michigan environment. The proposed pipeline route is based on environmental considerations, existing and anticipated land use, and existing right-of-ways. Wolverine will be submitting any applicable permit applications to the appropriate agencies and will comply with any conditions imposed through permits. A comprehensive Independent Environmental Impact Report is attached to Steven Koster's testimony as Exhibit A-____ (SJK-1) and is incorporated herein by reference.

27. Unlike other certificate provisions (*e.g.*, 1929 PA 69, §4, MCL 460.504), 1929 PA 16 does not require notice and hearing. The order in Case No. U-12334 was issued over a year after the application, the evidentiary record included 724 pages and 40 exhibits, and there was significant public participation. Thus, it is respectfully suggested that the Commission expedite this proceeding.

28. In the event the Commission determines it appropriate to conduct contested case hearings, it is respectfully suggested that the Commission read the evidentiary record to be presented in this proceeding, thus precluding the need for a proposal for decision, exceptions and reply exceptions. 1969 PA 306, §81(1); MCL 24.281(1).

29. Time is of the essence in this matter if construction is to be completed by the 2002/2003 winter season. 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.

WHEREFORE, Wolverine respectfully requests that this Honorable Commission, acting under its authority pursuant to 1929 PA 16, grant the following relief:

1. Find that the proposed pipeline is just, reasonable and in the public interest;
2. Find that if a contested case hearing is required, that the Commission read the evidentiary record in this proceeding, thus precluding the need for a proposal for decision, exceptions and reply exceptions. 1969 PA 306, §81(1); MCL 24.281(1).
3. Issue its order granting Wolverine the authority to construct, own, operate and maintain the proposed pipeline for the transportation of liquid petroleum products as described herein; and
4. Grant such further relief as the Commission deems necessary and appropriate.

Respectfully submitted,

DYKEMA GOSSETT PLLC
Attorneys for
WOLVERINE PIPE LINE COMPANY

Dated: December 6, 2001

By: _____



Albert Ernst (P24059)
Christine Mason Soneral (P58820)
800 Michigan National Tower
Lansing, MI 48933
Telephone: (517) 374-9155
Fax: (517) 374-9191
E-Mail: aernst@dykema.com
E-Mail: cmason@dykema.com

DYKEMA GOSSETT • AFR/FEAS/VAL LEGAL/LIABILITY COMPANY • 800 MICHIGAN NATIONAL TOWER • LANSING MICHIGAN 48933-1742

Paul O'Konski
Law Department
Wolverine Pipe Line Co.
P.O. Box 2220
Houston, TX 77252-2220
Tel: (713) 656-4669
Fax: (713) 656-5593
E-Mail: paul.f.o'konski@exxonmobil.com

LAN0186988.1
ID\CMMA