

May 23, 2019

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: *Bluewater Gas Storage, LLC*
Docket No. CP19-___-000
Abbreviated Application for a Certificate of Public Convenience and Necessity

Dear Secretary Bose:

Pursuant to section 7(c) of the Natural Gas Act, 15 U.S.C. § 717f(c) (2012), and Part 157 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 157 (2019), Bluewater Gas Storage, LLC (“Bluewater”) hereby submits for filing this abbreviated application (“Application”) for a Certificate of Public Convenience and Necessity requesting authority to construct, own, and operate a new compressor station in Ray Township, Macomb County, Michigan adjacent to Bluewater’s existing 20-inch-diameter pipeline (“Project”). In order for Bluewater to commence construction of the Project facilities by June 2020 for the Project to be placed into service prior to the 2021/2022 storage withdrawal season, Bluewater respectfully requests that the Commission issue a final certificate order approving the Project by May 1, 2020.

In accordance with Part 157 of the Commission’s regulations, Bluewater is submitting, in electronic form, the following materials:

- Volume I (**Public**) – contains the Application and public exhibits other than the Environmental Resource Reports (Exhibits A, C, D, J, and Z).
- Volume II (**Public**) – contains Exhibit F and the public version of Exhibit F-I (Environmental Resource Reports), including all public Appendices within Exhibit F-I.
- Volume III (**Privileged**) – contains a list of affected landowners (Appendix 1C) and a cultural resources report (Appendix 4A), as well as the Precedent Agreements between Bluewater and its Project Customers attached in Exhibit I.
- Volume IV (**Critical Energy Infrastructure Information (“CEII”)**) – contains Exhibits G and G-II flow diagrams reflecting the capacity of the proposed pipeline facilities, as well as Figure 1-4 from Resource Report 1 and Appendix 9B-1 from Resource Report 9.

Volume III contains privileged landowner notification information and cultural resources information that should be treated on a confidential basis and not subject to public disclosure. See 18 C.F.R. § 380.12(f)(4) (2019). In addition, the Precedent Agreements contain confidential, proprietary, and commercially sensitive information, the disclosure of which could unnecessarily harm the parties. Accordingly, and pursuant to the Commission's regulations and filing instructions, Bluewater requests treatment of Volume III as Privileged and has marked it "**CUI//PRIV – CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE.**"

Volume IV contains specific technical information pertaining to Bluewater's facilities, the disclosure of which could be useful to a person planning an attack on this infrastructure. Accordingly, and pursuant to the Commission's regulations and filing instructions, Bluewater requests treatment of Volume IV as CEII and has marked it "**CUI//CEII – CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE.**" Bluewater requests that the CEII designation of Volume IV commence as of the date of filing and last for the maximum 5-year period. Because these facilities are expected to remain in operation continuously going forward, Bluewater requests that the Commission continue to redesignate this information as CEII indefinitely or for the maximum duration permitted by law.

In accordance with the Commission's filing guidelines, Bluewater will provide hard copies of this filing to the Commission (two copies to OEP Room 62-46 and one copy to OGC-EP Room 101-56). Bluewater has also included a form of notice suitable for publication in the *Federal Register*.

Any questions regarding this filing should be directed to the undersigned.

Respectfully submitted,

Charles K. Milliken

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Enclosures

serve their local distribution company (“LDC”) customers; (2) enhance reliability by providing certainty that all current and future Bluewater customers can deliver their gas into Vector on a firm basis up to the originally authorized 500,000 Mcf/d of capacity; and (3) provide operational flexibility to meet various flow rates and operational requirements at Bluewater’s interconnect with Vector.

Bluewater must commence construction of the Project facilities by June 2020 for the Project to be placed into service prior to the 2021/2022 storage withdrawal season. Accordingly, Bluewater respectfully requests that the Commission issue a final certificate order approving the Project by May 1, 2020.

In support of this Application, and pursuant to the Commission’s applicable regulations and guidelines, Bluewater respectfully states the following:

I. CORRESPONDENCE AND COMMUNICATIONS

Communications regarding this Application should be directed to the following:²

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² To the extent required, Bluewater respectfully requests waiver of Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure to permit all of the following representatives to be placed on the official service list for this proceeding. *See* 18 C.F.R. § 383.203(b)(3) (2019).

II. APPLICANT

Bluewater is a Delaware limited liability company with its principal place of business at 333 South Wales Center Road, Columbus, MI 48063. Bluewater is a wholly-owned subsidiary of Bluewater Natural Gas Holding, LLC, which was acquired by WEC Energy Group, Inc. (“WEC”) in 2017. WEC is one of the largest electric and natural gas holding companies in the United States, serving nearly 4.5 million customers in Wisconsin, Illinois, Michigan, and Minnesota through its utility subsidiaries, including the Project Customers – Wisconsin Gas, WPS, and Wisconsin Electric.

Bluewater became a “natural gas company” within the meaning of section 2(6) of the NGA and became subject to the Commission’s NGA jurisdiction upon issuance of its Certificate of Public Convenience and Necessity on October 27, 2006, which authorized Bluewater to perform interstate natural gas storage and transportation services through its storage and associated pipeline facilities in St. Clair and Macomb Counties, Michigan.³ In addition, the Commission authorized Bluewater to charge market-based rates for firm storage and interruptible storage, hub, and wheeling services.⁴ The Commission also granted Bluewater a blanket construction certificate under Part 157, Subpart F for certain routine construction, operation, and abandonment activities.⁵ Prior to becoming a FERC jurisdictional entity, Bluewater held a certificate of public convenience and necessity issued by the Michigan Public Service Commission and operated as a Hinshaw pipeline.

³ *BGS Kimball Gas Storage, LLC*, 117 FERC ¶ 61,122, at Ordering Paragraph (A), *reh'g granted*, 117 FERC ¶ 61,351 (2006).

⁴ *Id.* P 31.

⁵ *Id.* P 63.

III. BACKGROUND

Bluewater's natural gas storage facilities, including the adjacent Kimball 27 facilities leased from BGS Kimball Gas Storage, LLC, consist of two separate Niagaran reef storage reservoirs and a pipeline header system. The Columbus III storage facility consists of 1,750 acres with 26.2 Bcf of working gas storage capacity at a maximum reservoir pressure of 2,205 psig. The maximum daily injection rate is 460,000 Mcf, and the maximum daily withdrawal rate is 500,000 Mcf. The Columbus III storage facility utilizes nine gas storage wells, two observation wells, storage lines, and 10,670 horsepower of compression. By means of a long-term lease, Bluewater also operates the Kimball 27 storage facility, which is approximately 127 acres in size and has a working gas storage capacity of 3.05 Bcf at a maximum reservoir pressure of 1,897 psig. The maximum daily injection rate for the Kimball 27 facility is 48,000 Mcf, and the maximum daily withdrawal rate is 65,000 Mcf. Bluewater's total combined working gas storage capacity is 29.7 Bcf with a combined peak injection rate of 508,000 Mcf/d and combined peak withdrawal rate of 565,000 Mcf/d.

A 1.5-mile long, 20-inch diameter pipeline extends from the compressor station at Bluewater's storage facility to an interconnection with the Bluewater pipeline, which was originally acquired by Bluewater from CMS Transmission Company in 2004. In total, the Bluewater pipeline system consists of approximately 30 miles of 20-inch diameter pipeline in Macomb and St. Clair Counties, Michigan. At its western end, the Bluewater pipeline interconnects with the interstate natural gas pipeline facilities operated by Vector and Great Lakes Transmission, LP, as well as the local distribution systems operated by Consumers Energy Company ("Consumers Energy") and DTE Gas Company. At its eastern end, the

Bluewater pipeline extends to the international boundary between the United States and Canada in the middle of the St. Clair River and interconnects with a gas transmission facility operated by Union Gas Limited.⁶ The Bluewater pipeline also interconnects with a 5-mile long, 8-inch diameter pipeline extending from the Kimball 27 storage facility. This 5-mile pipeline also interconnects to the ANR Pipeline Company's facilities.

IV. PURPOSE OF PROJECT

Bluewater's Project was developed specifically in response to (1) the needs of three existing LDC Project Customers – Wisconsin Gas, WPS, and Wisconsin Electric – who hold over 95 percent of Bluewater's Firm Storage Service, as well as (2) the long-term operational need to provide any new and future customers reliable service up to Bluewater's certificated capacity at the Vector interconnect. Each of the Project Customers has a long-term need to bring natural gas to Wisconsin so that they can distribute natural gas within their respective service territories. The primary purpose of the Project is to enable all Bluewater customers to consistently take natural gas from Bluewater and deliver it to Bluewater's existing interconnect with Vector up to its originally designed capacity in a cost-effective, efficient, and reliable manner. As a result of this operational upgrade to Bluewater's system, natural gas can then be transported from Vector's system to downstream markets, including for the purposes of the Project Customers, onto the Guardian Pipeline, L.L.C. system, and onward to each customer's respective distribution system.

⁶ Bluewater has received authorization pursuant to NGA section 3 and a Presidential Permit to operate the St. Clair River border facilities. *Bluewater Gas Storage, LLC*, 139 FERC ¶ 61,233 (2012).

Bluewater's existing interconnect with Vector is designed for 500,000 Mcf/d. In 2007, Vector completed a capacity expansion project that added compression and increased Vector's operating pressure at its interconnect with Bluewater, which reduced Bluewater's ability to deliver natural gas at the interconnect with Vector.⁷ Bluewater installed a single 1,350 horsepower compressor at the Vector interconnect in 2008 to help overcome the increased operating pressure.⁸ However, Bluewater's 2008 project only restored roughly 120,000 Mcf/d of deliverability of the interconnect's 500,000 Mcf/d capacity. At that time, customers of Bluewater needed natural gas from Bluewater's gas storage facilities to be ultimately delivered in various locations. As a result, restoring the authorized deliverability at the Vector interconnection was not a priority for serving Bluewater's then-existing customers.

More recently, however, the majority of Bluewater's customers have growing immediate and long-term needs to bring natural gas to Wisconsin. Because of the operational limitations presented at the Vector interconnect, Bluewater and the Project Customers have had to utilize alternative, less efficient, and more indirect transportation routes with other pipelines interconnected with Bluewater's pipeline system to deliver natural gas for its customers to their respective downstream markets.

The Project Customers have now requested that Bluewater fully restore the originally authorized delivery capacity of Bluewater's interconnect with Vector to help meet their long-term natural gas needs. To do so, Bluewater is proposing to install an additional compressor station adjacent to Bluewater's existing 20-inch-diameter pipeline

⁷ See generally Docket No. CP06-29-000.

⁸ See Bluewater Gas Storage, LLC, 2008 Annual Report of Blanket Certificate Authority, Docket No. CP09-249-000 (filed Apr. 30, 2009).

in Ray Township, Macomb County, Michigan, as more fully described below. The Project will afford all Bluewater customers, including the Project Customers, the ability to utilize their maximum contractual withdrawal rights under their service agreements from Bluewater's storage facilities to deliver natural gas directly into Vector. This will avoid the need for Bluewater or its customers to secure firm transportation at an additional cost on other third-party pipelines in the region to effect transportation to Wisconsin. The Project Customers have also entered into Precedent Agreements with Bluewater to support the development of the Project, as discussed further below.⁹

V. DESCRIPTION OF FACILITIES

Bluewater is seeking authorization to construct, operate, and maintain a new compressor station adjacent to Bluewater's existing 20-inch-diameter pipeline. As noted above, the primary purpose of the Project is to reinstate the capacity of Bluewater's system's interconnect with Vector to the originally authorized capacity of 500,000 Mcf/d.¹⁰ Total costs for the Project are estimated to be approximately \$40 million.¹¹

⁹ A copy of the executed Precedent Agreements between the Project Customers and Bluewater are included in the privileged version of this filing at Volume III, Exhibit I.

¹⁰ As noted above, the Commission approved Bluewater's request to charge market-based rates in 2006. *BGS Kimball Gas Storage, LLC*, 117 FERC ¶ 61,122 at Ordering Paragraph (A). Bluewater's proposed Project will have no effect on Bluewater's market power. Bluewater is not proposing to increase the storage capacity or deliverability of its system compared to its originally-certificated levels, nor is it offering any new services. Similarly, because the proposed compressor station will interconnect with Bluewater's existing pipeline, Bluewater is not expanding its system to interconnect with any new natural gas pipelines or otherwise offer service to any new downstream markets. As such, FERC's 2006 consideration of Bluewater's product and geographic markets, as well as its corresponding "bingo card" analysis, remain unchanged, and Bluewater's resulting market power over the provision of firm and interruptible storage, hub, and wheeling services will be unaffected by the proposed Project.

¹¹ Because the Project will not increase Bluewater's certificated capacity levels, Bluewater originally planned to file this application in accordance with the prior notice regulations under Part 157 of FERC's regulations, and consistent with Bluewater's existing blanket certificate. However, estimated costs associated with the Project are expected to exceed FERC's prior notice project costs limits under 18 C.F.R. § 157.208(d).

The proposed compressor will be located in Section 1, Township 4 North, Range 13 East, Ray Township, Macomb County, Michigan. Specifically, the compressor will be located approximately 2,300 feet south of the intersection of 32 Mile and Omo Roads. Bluewater will construct the new compressor station on land owned by Bluewater and will only require minimal new easements to connect the existing pipeline with the proposed compressor. A map depicting the location of the Project is provided in Exhibit F.

The compressor station will deliver natural gas to Vector using a single gas-driven turbine with a centrifugal compressor unit, which will provide approximately 11,150 nominal horsepower of compression.¹² Ancillary equipment installed within the compressor station includes, but is not limited to, gas filter/separators, gas coolers, inlet air filters, exhaust silencers, tanks, blowdown silencers, heaters, and auxiliary generators. The compressor station is also expected to include a compressor building, electrical control building, parts storage, and air compressor building.

As further detailed in the attached Environmental Report, Bluewater will construct two 105-foot long, 20-inch-diameter pipeline sections to tie-in the proposed compressor station to Bluewater's existing 20-inch-diameter pipeline. Approximately 420 feet of Bluewater's existing 20-inch-diameter pipeline will be abandoned in place after the connection of the new compressor station has been constructed. Bluewater will also construct two berms approximately 8 to 10 feet in height at the north and south ends of the proposed compressor station, while utilizing existing vegetation cover as much as possible

¹² As described in further detail in the attached Environmental Report, at full load rating, the fuel gas requirement for the new compressor will be approximately 80 mmBtu/hr, or 76,336 scf/hr of fuel gas based on actual historical heating values at the Bluewater-Vector interconnect.

to the east and west ends of the station. Conifer trees will be planted on top of the berms to further reduce the visual and audio impacts of equipment from the surrounding area.

Flow diagrams and data that demonstrate the effect of the proposed facilities on the existing operational capabilities and conditions of Bluewater's system are included in Exhibits G and G-II. These Exhibits are provided in Volume IV of this Application. Bluewater requests Critical Energy Infrastructure Information treatment for these Exhibits, which are marked "**CUI//CEII – CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE.**" In accordance with Section 388.113 of the Commission's regulations, 18 C.F.R. § 388.113 (2019), a form of protective agreement is attached hereto as Exhibit Z.

Bluewater is not requesting authorization to modify the total inventory, cavern pressures, cavern, or buffer boundaries, or the certificated total, base, or working gas capacities for Bluewater's storage facilities. Furthermore, no construction is taking place at Bluewater's individual storage caverns, interconnections, and receipt/delivery points as part of the Project, nor is Bluewater proposing to create any new services, storage caverns, interconnection, and receipt/delivery points as a result of the Project. Instead, Bluewater is only proposing an operational upgrade to its system in order to restore the delivery capacity of the Bluewater-Vector interconnect to its authorized level of 500,000 Mcf/d in order to permit Bluewater's customers to utilize their maximum daily withdrawal quantities at the Vector interconnect, increase operational flexibility, and continue to provide reliable natural gas storage service.

Additional information about these Project facilities is provided in Resource Report 1 of the attached Environmental Report.

VI. PUBLIC CONVENIENCE AND NECESSITY

The Commission's Statement of Policy on the Certification of New Interstate Natural Gas Pipeline Facilities ("1999 Certificate Policy Statement")¹³ established criteria for evaluating proposals to construct new interstate natural gas pipeline infrastructure. As the Commission has explained in applying the 1999 Certificate Policy Statement criteria:

Under this policy, the threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to eliminate or minimize any adverse effects the project might have on the applicant's existing customers, or landowners and communities affected by the route of the new facilities. If residual adverse effects on these interest groups are identified after efforts have been made to minimize them, the Commission will evaluate the project by balancing the evidence of public benefits to be achieved against the residual adverse effects. This is essentially an economic test. Only when the benefits outweigh the adverse effects on economic interests will the Commission proceed to complete the environmental analysis where other interests are considered.¹⁴

As demonstrated herein, the Project is consistent with and fulfills the goals of the 1999 Certificate Policy Statement and should be approved by the Commission.

A. The Project Meets the Threshold No-Subsidy Requirement.

Bluewater has entered into Precedent Agreements with the Project Customers pursuant to which the Project Customers agree to compensate Bluewater for the actual costs associated with the Project. Accordingly, Bluewater is not relying on subsidization

¹³ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC 61,094 (2000).

¹⁴ *Millennium Pipeline Co., L.L.C.*, 157 FERC ¶ 61,096, at P 25 (2016). The Commission's application of the 1999 Certificate Policy Statement criteria in orders certifying new gas pipeline infrastructure has been upheld by reviewing courts in many appellate review proceedings. *See, e.g., Myersville Citizens for a Rural Cmty., Inc. v. FERC*, 783 F.3d 1301 (D.C. Cir. 2015); *Minisink Residents for Env'tl. Pres. & Safety v. FERC*, 762 F.3d 97 (D.C. Cir. 2014); *S. Coast Air Quality Mgmt. Dist. v. FERC*, 621 F.3d 1085 (9th Cir. 2010).

from existing customers for the Project facilities and has satisfied this threshold element of the 1999 Certificate Policy Statement.

B. The Project Will Have No Adverse Impacts on Bluewater's Existing Customers and Existing Pipelines in the Market and Their Captive Customers.

The Project will have no adverse impacts on Bluewater's existing customers and existing pipelines in the area or their captive customers. As previously stated, Bluewater is constructing the Project to restore the authorized deliverability at the interconnect with Vector and enable the Bluewater customers to more effectively utilize the maximum daily withdrawal quantities allowable under their service agreements with Bluewater. Bluewater is not proposing to increase its originally certificated capacity levels, modify any of its existing storage reservoirs, or offer any new natural gas storage services. Accordingly, existing customers will not be adversely affected by the Project; in fact, the Project will provide customers with long-term, enhanced reliability and operational flexibility. Moreover, because the Project simply restores the deliverability at the Vector interconnect to its authorized capacity, the Project will not adversely affect existing natural gas pipelines or storage providers or their respective captive customers.

C. The Project Minimizes Any Adverse Impacts on Landowners and Other Stakeholders.

As detailed in the Environmental Report attached hereto in Exhibit F-I, the Project has been designed and will be constructed in a manner that minimizes impacts on landowners, other stakeholders, and the environment while providing benefits to Bluewater's existing and future customers. The compressor station will be constructed on property entirely owned by Bluewater, and only minimal easements from Consumers Energy are necessary for work on the pipelines that tie in the compressor station to

Bluewater's existing 20-inch-diameter pipeline. Additionally, the Project is specifically located at a site adjacent to Bluewater's existing pipeline system in order to minimize any greenfield pipeline construction, along with the ground disturbance and environmental impacts associated with such construction.

Furthermore, Bluewater is committed to working cooperatively with landowners and other stakeholders to address their concerns and mitigate adverse impacts wherever practicable. Bluewater's goal is to negotiate mutually acceptable agreements with any impacted landowners or other stakeholders, and Bluewater will follow the Commission's applicable landowner notification requirements.¹⁵

D. Project Benefits Outweigh Residual Adverse Impacts.

Bluewater has designed the Project to minimize all potential impacts of the Project on its existing customers, other pipelines and their captive customers, and landowners and communities. As demonstrated above and in the attached Environmental Report, the Project will not be subsidized by Bluewater's existing customers for the benefit of any specific customers, will not adversely affect Bluewater's existing customers, will have minimal adverse effect on landowners, and will not have a significant impact on the environment. Instead, the Project provides several immediate and direct benefits for both Bluewater's existing and prospective customers. Specifically, the Project:

- Restores Bluewater's original authorized capacity of 500,000 Mcf/d of firm deliverability into Vector;
- Provides a long-term solution that enables Bluewater to deliver 100 percent of the Project Customers' maximum daily withdrawal quantities under their existing service agreements to Vector in a more efficient and reliable manner;

¹⁵ 18 C.F.R. § 157.6(d).

- Avoids significant greenfield pipeline construction posed by Bluewater system alternatives, as detailed in Resource Report 10 of the attached Environmental Report;
- Enhances reliability by providing certainty that all Bluewater customers can deliver their gas into Vector at the interconnect;
- Provides operational flexibility to meet various flow rates into Vector; and
- Avoids the need for Bluewater or the Project Customers to secure incremental firm transportation capacity with other pipeline providers in the region.

Due to the limited scope of the proposed facilities, the significant benefits of the Project clearly outweigh any minimal adverse impacts. The Project will not adversely impact other pipelines or their captive customers, but instead will allow Bluewater to deliver its Project Customers' maximum entitlements under their service agreements into Vector for ultimate delivery to the Project Customers' distribution systems in a more direct, efficient, reliable, and cost-effective manner. Moreover, these reliability and operational benefits will be enjoyed by all current and future Bluewater customers. By utilizing Bluewater's existing facilities and interconnect with Vector, the Project avoids alternatives that would require unnecessary and significant new pipeline construction. In addition, any adverse environmental impacts or impacts on landowners or surrounding communities are insignificant – particularly when compared to any proposed alternative projects – and will be minimized through Bluewater's proposed mitigation measures.

For all these reasons, the Commission should find that the construction and operation of the Project serve the public convenience and necessity.

VII. PROJECT NEED AND SUPPORT

As noted above, Bluewater is undertaking this operational upgrade to its pipeline system in order to meet the needs of its existing and future customers, including its Project

Customers. While there has been a consistent need for Bluewater to improve the operating conditions at the Vector interconnect since 2007, customer demand to deliver more gas specifically into Vector, so that it can then be transported further west into Wisconsin, is a more recent market demand. This demand is evidenced by the Precedent Agreements, attached hereto in Exhibit I, between Bluewater and the Project Customers. As noted above, Bluewater and Project Customers agree under the attached Precedent Agreements that Project Customers will compensate Bluewater for the actual costs associated with the Project. In exchange, Bluewater's operating conditions at the Vector interconnect will be such that, once the Project is in-service, Bluewater will be able to consistently and reliably deliver up to 500,000 Mcf/d of natural gas from Bluewater's system into Vector. Furthermore, both the Project Customers and any existing or future customers of Bluewater will not need to utilize less efficient, more indirect, and more costly transportation routes to deliver natural gas to their respective downstream markets in Wisconsin once the Project is in service.¹⁶

VIII. ENVIRONMENTAL MATTERS

Bluewater has designed the Project to minimize adverse environmental impacts. As further detailed in the Environmental Report attached hereto as Exhibit F-I, the proposed construction will incorporate construction techniques and mitigation procedures

¹⁶ Although the Precedent Agreements explain that Bluewater's Project Customers will be amending their respective long-term service agreements with Bluewater to list the Vector interconnect as their primary receipt and delivery points once the Project is in-service, these service agreements will not otherwise be extended or revised. Furthermore, because Bluewater is only constructing this operational upgrade to restore the certificated capacity at the Vector interconnection, the Project Customers' amended service agreements will not otherwise limit Bluewater's existing or future customers from requesting that Bluewater deliver natural gas to the Vector interconnection up to their respective maximum daily quantities listed under their Firm Storage Service agreements with Bluewater.

and will result in no significant impact to the quality of human health, the environment, and affected landowners.

On November 21, 2018, Bluewater notified landowners who may be affected by the Project of an open house meeting.¹⁷ The open house was held on December 4, 2018 at the Ray Township Hall. It is Bluewater's intent to continue to work with all affected stakeholders and to address their concerns to further minimize environmental impacts caused by the Project. Due to the limited nature of the facilities, the Project will not have a significant environmental impact, and the requested authorization will not constitute a major federal action significantly affecting the quality of the environment.

As stated above, the compressor station will be constructed on land entirely owned by Bluewater with minimal additional easement required from Consumers Energy. Construction of all facilities will be conducted in accordance with the May 2013 versions of the Commission's *Upland Erosion Control, Revegetation and Maintenance Plan* and *Wetland and Waterbody Construction and Mitigation Procedures*, as applicable. Bluewater will receive all applicable permits and/or clearances for compliance with the Endangered Species Act and Migratory Bird Treaty Act (U.S. Fish and Wildlife Service), Clean Air Act (Michigan Department of Environmental Quality ("MDEQ")), Clean Water Act (U.S. Army Corps of Engineers and MDEQ), National Historic Preservation Act (Michigan State Historic Preservation Office), and other federal, state, and local requirements prior to construction of the Project and has also consulted with the National

¹⁷ Bluewater will provide follow-up notifications to all affected landowners as required by Section 157.203(d) of the Commission's regulations.

Resource Conservation Service. Copies of these correspondences are contained in the appendices of the applicable Environmental Report.

Bluewater has also engaged in consultations and coordination with the affected federal, state, and local government agencies concerning the proposed construction activities associated with the Project and will continue to discuss specific concerns or requirements should they be raised. Bluewater commits to having an Environmental Inspector – responsible for monitoring and ensuring compliance with all mitigation measures, clearances, and permits required by the Project – to file weekly reports with the Commission during construction activities in accordance with Section 157.208(c)(10) of the Commission’s regulations.

Bluewater has analyzed the potential impacts the Project would have on air and noise quality in the Project area. To minimize and mitigate potential impacts identified in the analyses, Bluewater will implement measures to reduce air and noise emissions during construction and operation of the Project. During operation of the Project, Bluewater will monitor for fugitive air emissions, including through the use of thermal imaging cameras.

The compressor station will be designed to mitigate noise through enclosing equipment in an acoustically insulated building, equipping the compressor engine’s air inlets and exhausts with silencers, and using a silencer on the unit blowdown. Construction will generally occur during daylight hours, and all contractors will be required to utilize sound control devices no less effective than those provided by the manufacturer and to maintain equipment in accordance with manufacturers’ recommendations. No equipment will have unmuffled exhausts. Existing vegetation on the east and west ends of the Project

and the conifer trees planted on the berms to the north and south of the Project will further reduce potential audio, as well as visual, impacts.

The compressor station plot plan is provided in Figure 1-4 in Resource Report 1. Due to engineering specifics and building identification, the site plot plan has been designated and labeled as “**CUI//CEII – CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE**” and included in Volume IV of this Application. Bluewater is seeking confidential treatment of this information in accordance with Section 388.113 of the Commission’s regulations, 18 C.F.R. § 388.113.

Bluewater evaluated alternatives for the Project, including the no-action alternative, system alternatives, and aboveground site alternatives. For a variety of reasons further explained in Resource Report 10 in the attached Environmental Report, Bluewater selected the proposed Project because it (1) has no significant impact on the environment and has the least environmental impact compared to other system alternatives, and there are no environmentally preferable site alternatives; (2) maximizes use of natural screening buffers; (3) requires the least amount of new, greenfield pipeline construction; (4) efficiently leverages Bluewater’s existing natural gas pipeline system; (5) minimizes engineering and construction constraints; and (6) fulfills the purpose and need of the Project.

As discussed above, the Project has been designed and will be constructed and operated in a manner that will minimize environmental impacts on landowners and surrounding communities.

IX. RELATED APPLICATIONS

Bluewater does not have any other applications or filings pending before the Commission at this time that would directly affect this Application.

X. NOTICE

A form of notice suitable for publication in the *Federal Register* is attached hereto. Pursuant to 18 C.F.R. § 157.10(c), complete copies of this Application will be made available in accessible central locations in each county throughout the Project area within three business days after the filing is issued a docket number.

XI. EXHIBITS

This is an abbreviated application filed pursuant to Section 157.7 of the Commission's regulations. In accordance with Section 157.14 of the Commission's regulations, 18 C.F.R. § 157.14, the following Exhibits are attached to this Application:

- Exhibit A – Articles of Incorporation and Bylaws. Attached hereto.
- Exhibit B – State Authorizations. Omitted; Exhibit B filed by Bluewater in Docket No. CP06-351 is incorporated herein by reference.
- Exhibit C – Company Officials. Attached hereto.
- Exhibit D – Subsidiaries and Affiliation. Attached hereto.
- Exhibit E – Other Pending Applications and Filings. Omitted; there are no other pending applications under sections 1, 3, 4, or 7 of the NGA filed by Bluewater which affect this Application.
- Exhibit F – Location of Facilities. Attached in Volume II.
- Exhibit F-I – Environmental Report. Attached in Volume II.
- Exhibit G – Flow Diagrams Showing Daily Design Capacity and Reflecting Operation with and without Proposed

	<u>Facilities Added.</u> Attached in Volume IV.
Exhibit G-I –	<u>Flow Diagrams Reflecting Maximum Capabilities.</u> Omitted; information reflected in Exhibit G attached in Volume IV.
Exhibit G-II –	<u>Flow Diagram Data.</u> Attached in Volume IV.
Exhibit H –	<u>Total Gas Supply Data.</u> Omitted; not applicable.
Exhibit I –	<u>Market Data.</u> Attached in Volume III.
Exhibit J –	<u>Federal Authorization.</u> Attached hereto.
Exhibit K –	<u>Cost of Facilities.</u> Omitted; Bluewater requests waiver of the requirement to include Exhibit K to the extent necessary because Bluewater has market-based rate authority.
Exhibit L –	<u>Financing.</u> Omitted; Bluewater requests waiver of the requirement to include Exhibit L to the extent necessary because Bluewater has market-based rate authority.
Exhibit M –	<u>Construction, Operation, and Management.</u> Omitted; Bluewater will construct or cause the Project to be constructed, owned, operated, and maintained.
Exhibit N –	<u>Revenues, Expenses, and Income.</u> Omitted; Bluewater requests waiver of the requirement to include Exhibit N to the extent necessary because Bluewater has market-based rate authority.
Exhibit O –	<u>Depreciation and Depletion.</u> Omitted; Bluewater requests waiver of the requirement to include Exhibit O to the extent necessary because Bluewater has market-based rate authority.
Exhibit P –	<u>Tariff.</u> Omitted; Bluewater does not propose to implement any new services or rates, change any existing rates or rate schedules, or make other tariff changes associated with this Application.
Exhibit Z –	<u>Form of Protective Agreement.</u> Attached hereto.

XII. CONCLUSION

WHEREFORE, in consideration of the foregoing, Bluewater respectfully requests that the Commission grant it, on or before May 1, 2020, (1) a Certificate of Public Convenience and Necessity pursuant to Part 157, Subpart A of the Commission's regulations, authorizing Bluewater to construct, own, and operate a new compressor station in Ray Township, Macomb County, Michigan for the purpose of transporting natural gas in interstate commerce and (2) such other authorizations, approvals, and waivers of certain regulatory requirements as may be necessary to allow Bluewater to undertake the activities described in this Application.

Respectfully submitted,

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May 23, 2019
Washington, D.C.