

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Trunkline Gas Company, LLC

)
)

Docket No. CP12-491-000

**MOTION TO INTERVENE AND PROTEST OF THE
GOVERNOR OF THE STATE OF MICHIGAN**

Pursuant to Rules 211 and 214 of the Federal Energy Regulatory Commission's ("FERC") Rules of Practice and Procedures (18 C.F.R. §§ 385.211 and 385.214), Rick Snyder, Governor of the State of Michigan, hereby moves to intervene and protest the application by Trunkline Gas Company, LLC ("Trunkline") to abandon the natural gas pipeline that currently supplies nearly one-third of Michigan's natural gas.

I. NOTICES AND COMMUNICATIONS

Richard D. Snyder is the duly elected Governor of the State of Michigan. Communications regarding this motion are to be sent to:

Rick Snyder
Governor
111 South Capitol Avenue
P.O. Box 30013
Lansing, MI 48909

Valerie Brader
Deputy Legal Counsel and Senior Policy Advisor
Samantha Simons, Administrative Assistant
Executive Office of Gov. Rick Snyder
111 South Capitol Avenue
P.O. Box 30013
Lansing, MI 48909
braderv@michigan.gov
simonss2@michigan.gov

II. MOTION FOR LEAVE TO INTERVENE

As the Governor of the state most affected by the proposed abandonment, I have an interest in this proceeding and my participation is necessary, in the public interest, and

appropriate to the administration of the Natural Gas Act. Trunkline is proposing to convert a key piece of natural gas infrastructure for the State of Michigan into an oil pipeline that will not serve Michigan's energy needs. Today, the natural gas this pipeline supplies heats the homes and businesses of a large part of Michigan.

In short, this infrastructure is vital to the energy supply and reliability in Michigan, with major ramifications for the ability to heat Michigan's homes at an affordable price. I also have concerns regarding the implications this would have on the state's economic development and energy policy as a whole. The Governor of Michigan, as the highest ranking elected official in the state, is qualified to represent a wide variety of interests throughout the state.

III. PROTEST

Michigan, and the nation, needs more natural gas infrastructure, not less. We must have an energy policy that supports excellent reliability, at a competitive price, while protecting the environment. Above all, our policies must ensure adaptability to a variety of futures. Not only would allowing this abandonment fail to advance any of these goals, it would negatively impact all of them.

First, this abandonment would threaten the reliability of a crucial heating source for Michigan. The proposed pipeline carries nearly a third of Michigan's overall natural gas supply. Even if there are other ways to get that quantity of natural gas into the state, which should not be assumed without greater fact-finding, it would certainly make Michigan hugely dependent on the remaining infrastructure. In other words, both flexibility and redundancy would be greatly reduced. A single pipeline break or other problem with a remaining pipeline could put

at risk the ability of thousands and thousands of Michiganders to heat their homes and businesses. It is foreseeable that a lack of this key piece of infrastructure in our state could result in a situation that would otherwise be a problem (i.e., an accident that causes a temporary shutdown of a pipeline) would instead be a potential emergency due to a lack of alternative infrastructure. Therefore, the impact of abandonment of service on the customers of Michigan could be severe for reliability reasons alone.

Of course, the situation that would create these reliability problems could also have an impact on cost. Even assuming other pipelines in the state are able to absorb the transportation service being abandoned in this case, the abandonment of such a large quantity of natural gas transport capacity will most certainly result in increased transportation costs to consumers in Michigan. Anything that would drive energy prices higher will hurt all of Michigan, but this is especially true for the most vulnerable. Michigan has had high demand for energy assistance during the winter – in fact, the number of individuals seeking heating assistance in the territory most affected by this pipeline saw more requests for assistance in October and November of 2011 than they had in the previous year, despite a warmer winter. We also know that the loss of heat during the winter is tied to homelessness, which in families with children can also lead to interruptions of education. FERC should not allow a company that is still earning a solid rate of return on its pipeline to abandon that pipeline to the detriment of Michigan's natural gas prices and Michigan's most vulnerable citizens.

In addition, this application and any resulting decision could have significant environmental implications. The necessity of building additional infrastructure to regain the necessary

flexibility and redundancy is often a slow one in large part because of the need for many state and federal entities to assess the environmental impact of such a pipeline. On a number of other pieces of key energy infrastructure, from the Keystone pipeline to an electric transmission line that would pass through a national park, the federal government has often noted environmental concerns that lead to a reluctance to approve energy infrastructure that states have found to be key to their economic development and energy policies. If the federal government wishes to encourage further development of natural gas as a fuel for electric production, vehicle propulsion, or other items noted in the Executive Order of April 13, 2012,¹ then it should be very wary of allowing the abandonment of existing infrastructure without ensuring that necessary replacement infrastructure can be built in a way that is sensitive both to the urgency of the situation and the need to protect our environment.

Finally, reducing the natural gas infrastructure serving Michigan will impact not just Michigan's ability to adapt to whatever our energy future may hold, but the nation's ability as well.

As discussed above regarding reliability, Michigan will benefit from flexibility in its infrastructure now and in the future. Michigan has some of the largest natural gas reserves in the country, and indications from the State's auctions of natural gas leases indicate that at some time in the near future, Michigan's gas production will increase. As discussed further below, it also has vital natural gas storage resources. Moreover, natural gas infrastructure may be key to Michigan's electric infrastructure future. As we have learned in a situation affecting a

¹ Executive Order of President Barak Obama, Available at <http://www.whitehouse.gov/the-press-office/2012/04/13/executive-order-supporting-safe-and-responsible-development-unconvention> (last accessed 28 August 2012).

different service territory in Michigan, the lack of capacity and flexibility in existing natural gas pipeline infrastructure can drastically limit the options we have to ensure both reliability and compliance with the Environmental Protection Agency's series of new air-quality regulations for coal-powered electric plants. These regulations -- which have the potential to cause Michigan and the Midwest as a whole severe reliability problems -- might be mitigated if new natural gas generation could be brought on line. Natural gas pipeline infrastructure is often a determining factor as to whether we have the ability to adapt in that fashion. Too often, we do not.

Allowing natural gas infrastructure to be reduced, just when our ability to adapt is often hampered by the lack of such infrastructure, would be short-sighted and fail to look at the long-term impacts of this decision.

Constraining Michigan's adaptability will have effects on other states and the nation's ability to adapt as well. That is because Michigan is a key player in the nation's natural gas infrastructure. As the U.S. Energy Information Administration has noted, Michigan has far more underground natural gas storage capacity than any other state, representing approximately 12% of the nation's overall storage capacity. *Underground Natural Gas Storage Capacity*, available at http://www.eia.gov/dnav/ng/ng_stor_cap_a_EPG0_SAC_Mmcf_a.htm (last accessed 28 August 2012). Michigan supplies natural gas to neighboring states during the high-demand winter months. Therefore, anything that reduces the ability to move natural gas in and out of Michigan could easily impact the ability of the country to economically utilize its best and most important storage resource.

IV. CONCLUSION

Michigan must have the tools it needs to build an energy policy that will ensure the state has reliable energy, at a reasonable cost, while protecting our environment. Above all, it must have the tools it needs to adapt to whatever the future may hold. Allowing the abandonment of this pipeline would hamper our ability to advance any of these vital goals. It would negatively impact the ability of our citizens, surrounding states, and the nation as a whole to meet those same goals. I ask FERC to allow my participation in this proceeding, and to reject Trunkline's application.

Respectfully submitted,

/s/ Rick Snyder

RICK SNYDER

Governor of Michigan
P.O. Box 30013
Lansing, MI 48909
(517) 335-2005

August 29, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Samantha Simons