

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

February 2, 2006

In Reply Refer To:

Vector Pipeline L.P.  
Docket No. CP98-131-006  
Draft Presidential Permit

The Honorable Condoleezza Rice  
Secretary of State  
Washington, D.C. 20520

Dear Madam Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 3, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, enclosed herewith for your information and consideration is a copy of an application filed by Vector Pipeline L.P. (Vector) with the Federal Energy Regulatory Commission on November 30, 2005, in Docket No. CP98-131-006. In that application Vector seeks to amend its existing Presidential Permit originally issued May 27, 1999 and amended on June 13, 2001 and May 7, 2003.

In the May 27, 1999 Presidential Permit, the Commission authorized Vector to site, construct, operate, and maintain facilities at the International Boundary between the United States and Canada for the exportation of 1,000 MMcf a day of natural gas from United States facilities in Macomb County, Michigan to Ontario, Canada. In the amended permit issued June 13, 2001, at Vector's request, the Commission authorized use of the facilities to flow gas from Canada to the United States. In the amended permit issued May 7, 2003, at Vector's request, the Commission increased the facilities' authorized throughput volume to 1,330 MMcf a day. Now, in its November 30, 2005 filing, Vector states that subsequent to Commission issuance of its May 7, 2003 amended Presidential Permit, further increases in production have again led to a need to increase the facilities' authorized throughput to up to 2,300 MMcf a day.

Also enclosed for your consideration is a draft copy of the proposed amended Presidential Permit to be issued to Vector, which incorporates terms and conditions you and the Secretary of Defense have heretofore required in similar cases.

A similar letter, together with a draft of the proposed Presidential Permit and a copy of the application, is being sent to the Secretary of Defense. If the Secretary of Defense should make an unfavorable recommendation or proposes any material change in the draft of the amended Presidential Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, if you need any further information.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

Enclosures:  
Copy of Application  
Draft Permit

**DRAFT**  
**AMENDED PRESIDENTIAL PERMIT**  
**AUTHORIZING VECTOR PIPELINE L.P.**  
**TO OPERATE, MAINTAIN, AND CONNECT NATURAL GAS FACILITIES**  
**AT THE INTERNATIONAL BOUNDARY BETWEEN**  
**THE UNITED STATES AND CANADA**

**FEDERAL ENERGY REGULATORY COMMISSION**  
**DOCKET NO. CP98-131-006**

Vector Pipeline L.P. (Permittee), a limited partnership organized and existing under the laws of the State of Delaware, and licensed in the States of Illinois, Indiana Michigan, and Wisconsin with its principal office located at Livonia, Michigan, filed, in Docket No. CP98-131-006 on November 30, 2005, an application seeking to amend the Presidential Permit issued on May 27, 1999, 87 FERC ¶ 61,225 (1999), as previously amended on June 13, 2001, 95 FERC ¶ 61,393 (2001), and May 7, 2003, 103 FERC ¶ 61,146 (2003), authorizing Permittee to site, construct, operate and maintain facilities for the importation of natural gas at the international border between the United States and Canada in Macomb County, Michigan. Permittee requests authorization to amend its Permit to increase its authorized throughput from 1,330 MMcf per day to 2,300 MMcf per day.

By letter dated \_\_\_\_\_, 2006, the Secretary of State, and by letter dated 2006, the Secretary of Defense, favorably recommended that the Amended Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of an Amended Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's Regulations, permission is granted to Permittee to cite, construct, operate, and maintain facilities for the importation of natural gas described in Article 2 below, upon the terms and conditions herein.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefor.

Article 2. The following facilities are subject to this Permit:

Approximately 3,000 feet of 42-inch diameter pipeline extending under the riverbed of the St. Clair River at the United States/Canada border between Macomb County, Michigan and Ontario, Canada. All border crossing facilities will be located in Macomb County, Michigan. The facilities are authorized to transport up to 2,300 MMcf per day of natural gas.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the transportation of natural gas between Canada and the United States only in the amount, at the rate, and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the

facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

Article 13. The Permittee will provide plans for the operation and maintenance of the facilities in Canada to the Commissioner for Canada, International Boundary Commission, and to the United States Commissioner of the International Boundary Commission, for review and approval in order to assure that the construction, operation, and maintenance of the boundary crossing facilities are consistent with boundary and water treaties and other agreements in force between the United States and Canada.

By direction of the Commission.

Secretary.

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_\_\_, 2006 has caused its named to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_ day of \_\_\_\_\_, 2006, a certified copy of the record of which is attached hereto.

Vector Pipeline L.P.

By \_\_\_\_\_

(Attest)

\_\_\_\_\_  
Executed in triplicate