

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY for)
authority to construct and operate the)
Lyon 34 Pipeline in Oakland County.)
_____)

Case No. U-11315

At the May 7, 1997 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John C. Shea, Commissioner
Hon. David A. Svanda, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On February 4, 1997, Consumers Energy Company (Consumers) filed an application, pursuant to the provisions of 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq., requesting authority to construct and operate the Lyon 34 Pipeline.

The proposed pipeline will consist of a 16-inch outer diameter line approximately 0.2 miles long, extending from Consumers' Lyon 34 Storage Field (where it will be connected with one existing and two new gas storage injection and withdrawal wells) to a point of interconnection with Consumers' Northville to South Lyon Pipeline, all within the NW/4 of Section 34, T1N, R7E, Lyon Township, Oakland County.

Pursuant to due notice, a prehearing conference was held on April 8, 1997 before Administrative Law Judge Frank V. Strother. Consumers and the Commission Staff (Staff) participated

in the proceedings, during which Consumers offered testimony and exhibits from three witnesses. Included in that evidence were (1) engineering specifications covering the construction, testing, and operation of the pipeline to demonstrate compliance with the Michigan Gas Safety Code, (2) a map showing the location of the proposed pipeline, and (3) documents indicating that the maximum allowable operating pressure of the pipeline will be 800 pounds per square inch gauge and that the estimated cost of the pipeline is approximately \$750,000.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case. According to the terms of the settlement agreement, attached as Exhibit A, the Staff agrees with Consumers that construction and operation of the pipeline will be reasonable and in the public interest and that the pipeline, if constructed and operated as proposed, will serve the public convenience and necessity.

After reviewing the application and stipulation, the Commission finds that the pipeline will serve the public convenience and necessity, and that approval is appropriate.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 165, as amended, MCL 483.151 et seq.; MSA 22.1332(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACRS, R 460.17101 et seq.

b. The settlement agreement is reasonable and in the public interest, and should be approved.

- c. The map, route, and type of construction of the Lyon 34 Pipeline should be approved.
- d. The pipeline is practicable in that it will provide an economic means of developing and utilizing additional gas storage capabilities.
- e. The pipeline will meet the requirements of the Michigan Gas Safety Code if constructed, tested, and operated as proposed.
- f. The pipeline will serve the public convenience and necessity.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Consumers Energy Company is authorized to construct and operate the Lyon 34 Pipeline in Oakland County, as proposed in its application filed on February 4, 1997 and subject to the requirements of 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq.
- C. The map, route, and type of construction of the Lyon 34 Pipeline are approved.
- D. Within 60 days after construction, Consumers Energy Company shall file a completion report including pressure test data and a map of the Lyon 34 Pipeline as constructed.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ John C. Shea
Commissioner

/s/ David A. Svanda
Commissioner

By its action of May 7, 1997.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
CONSUMERS ENERGY COMPANY for)
a Certificate of Public Convenience and)
Necessity to Construct and Operate the)
16" Lyon "34" Pipeline)
_____)

Case No. U-11315

STIPULATION

WHEREAS, on February 4, 1997, Consumers Power Company, d/b/a Consumers Energy Company (Consumers or Applicant) filed an application with the Michigan Public Service Commission (MPSC or Commission) under Section 9 of 1929 PA 9; MCL 484.109; MSA 22.1319, requesting the authority to construct and operate the proposed Lyon "34" Pipeline;

WHEREAS, Consumers proposed to construct and operate said pipeline contending it is needed to enable Consumers to more efficiently utilize its existing gas storage facilities;

WHEREAS, by letter dated March 7, 1997 the Commission Secretary sent to Consumers a Notice of Hearing and related instructions for proceedings in the captioned matter which established April 8, 1997 as the date for a Pre-hearing;

WHEREAS, at the Pre-hearing held on April 8, 1997 Administrative Law Judge Frank Strother found that in accordance with the Commission's Notice of Hearing and related procedural instructions, Consumers had filed the necessary proofs of service and publication;

WHEREAS, in addition to Consumers, the Commission Staff was the only other party to appear at the Pre-hearing where Consumers made available copies of its pre-filed testimony and exhibits in the captioned matter and where May 6, 1997 was established as the date on or before which the Commission Staff was to file its testimony and exhibits; and

WHEREAS, following review by the Commission Staff of Consumers' testimony and exhibits, discussions have been held between the parties who now desire to stipulate and agree to the following:

1. The testimony and exhibits filed in the captioned matter by Consumers on April 8, 1997 should, by this Stipulation, be bound into the record of this Case.
2. The Commission Staff has determined that construction of the proposed pipeline will serve the public convenience and necessity and, if constructed, tested and operated as proposed, the proposed pipeline will meet the requirements of the Michigan Gas Safety Code. The Commission Staff has further determined that the map, route and type of construction proposed by Consumers meets the requirements of 1929 PA 9.
3. The Commission Staff has conducted an appropriate environmental review and concludes that construction and operation of the proposed pipeline, which will only be 0.2 miles long, will have no substantial adverse impact upon the environment.
4. Consumers agrees to file, within 60 days after completion of construction, a completion report including pressure test data, actual construction costs and a map of the gas transmission pipeline as constructed.
5. The Commission Staff hereby certifies that the issuance by the Commission of an order authorizing the construction and operation of Consumers' proposed pipeline would

be reasonable and in the public interest, and that the pipeline, if constructed and operated as proposed, will serve the public convenience and necessity.

6. If the Commission accepts this Stipulation without modification, the undersigned parties waive Section 81 of the Administrative Procedures Act, MCL 24.281.

CONSUMERS POWER COMPANY
d/b/a Consumers Energy Company

Dated: April 18, 1997

By Francis X. Berkemeier
Francis X. Berkemeier

MICHIGAN PUBLIC SERVICE COMMISSION
STAFF

Dated: April 22, 1997

By William W. Wierzycki