

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
GREAT LAKES ENERGY COOPERATIVE)	
for a certificate of public convenience and necessity)	Case No. U-11814
relative to Orangeville Township.)	

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In the matter of the application of)	
GREAT LAKES ENERGY COOPERATIVE)	
for a certificate of public convenience and necessity)	Case No. U-11819
relative to Irving Township.)	
_____)	

At the July 28, 1999 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
 Hon. David A. Svanda, Commissioner
 Hon. Robert B. Nelson, Commissioner

ORDER ON REHEARING

On June 10, 1999, the Commission issued an order granting Great Lakes Energy Cooperative (Great Lakes) certificates of public convenience and necessity to commence providing propane gas service in Orangeville and Irving townships, pursuant to 1929 PA 69, MCL 460.501 et seq.; MSA 22.141 et seq., (Act 69).

On June 28, 1999, the Commission Staff (Staff) filed a request that the Commission issue a new order granting the certificate of public convenience and necessity to provide "gas service," as the applications requested rather than the "propane gas service" that the order authorizes. The Staff points

out that the record includes Great Lakes' plan to provide propane service initially and then to possibly provide natural gas distribution service in the future. The Staff therefore requests that the Commission amend its prior order to grant Great Lakes a certificate to provide gas service, whether propane or natural gas, in the affected territories. In the Staff's view, granting its request will avoid the time and expense of a certificate proceeding should natural gas distribution become a viable option.

On July 9, 1999, Consumers Energy Company (Consumers) filed a response to what it considers to be the Staff's request for rehearing. Consumers opposes the Staff's request to expand the Act 69 certificate issued in the June 10, 1999 order to include natural gas service. It argues that Great Lakes has not provided natural gas service in Michigan and has no natural gas tariffs that would allow it to provide such service. Consumers states that the applications sought Act 69 authorization to construct central tank propane systems within two specified residential subdivisions. It argues that the propane service that Great Lakes proposed does not require expanding the order to render Great Lakes a natural gas utility.

Furthermore, Consumers argues, Great Lakes' proofs failed to demonstrate that the company (1) has filed and approved gas tariffs for the provision of natural gas, (2) operates or owns any natural gas facilities in either township or even in the state of Michigan, (3) has nearby gas mains from which it might extend service into Orangeville or Irving township, (4) has any franchise from an adjacent township from which to extend facilities into these two townships, or (5) has any plans to construct gas mains in either township or the ability to bring gas mains into the townships from any location outside of the townships.

Consumers argues that the Staff's request is based solely on the possibility that Great Lakes will eventually distribute natural gas in these townships. According to Consumers, that is not a sufficient basis for granting the request. Consumers further argues that there is no full description of the proposed new

construction or extension of natural gas facilities, including the manner in which it will be constructed, as required by Act 69. Thus, it also does not meet the standard contained in the Commission's rules concerning the contents of an Act 69 application. 1997 AACCS, R 460.17601(e). In Consumers' view, granting the Staff's request would be premature and inappropriate.

The Commission finds that it should amend its June 10, 1999 order to grant Great Lakes a certificate of public convenience and necessity to provide gas service in Orangeville and Irving townships. Although the gas utility operations for which Great Lakes sought authority will initially use propane, the record reflects Great Lakes' definite intention to provide natural gas service should that become available in these areas. Further, the testimony reflects that Great Lakes will encourage new residents to purchase readily convertible appliances and that it will assist residents with the conversion to natural gas. Great Lakes specifically recognized the need for full rate regulation when it commences natural gas service and anticipates obtaining Commission approved tariffs. There seems little doubt that Great Lakes will eventually provide natural gas service to these areas, when it can be done economically. Prior to that transition, the Commission will conduct a thorough review of all proposed tariffs, rates, and charges.

Contrary to Consumers' arguments, Great Lakes' application and evidence provides a full description of its proposed construction and operations in this case, albeit that the initial construction will be used for propane gas service. The majority of the facilities constructed are intended for use in the eventual provision of natural gas service. Moreover, Act 69 does not require that facilities already exist before a certificate may be granted. Such an interpretation would preclude any new gas distributor from providing gas service on the basis that it had not already done so. Therefore, the Commission finds that the requirements of its rules and Act 69 have been adequately met. The record supports granting Great

Lakes a certificate of public convenience and necessity to provide gas service in the named townships, without restriction to propane.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1929 PA 69, as amended, MCL 460.501 et seq.; MSA 22.141 et seq.; 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 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 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 June 10, 1999 order should be amended to grant Great Lakes a certificate of public convenience and necessity to provide gas service in Orangeville Township and in Irving Township, Barry County, with the same conditions listed in the June 10, 1999 order.

THEREFORE, IT IS ORDERED that the June 10, 1999 order is amended to grant Great Lakes Energy Cooperative certificates of public convenience and necessity to provide gas service in Orangeville Township and in Irving Township, Barry County, with the same provisions listed in the June 10, 1999 order. Additionally, Great Lakes Energy Cooperative may not commence providing natural gas service under these certificates without first obtaining approval of its rates, conditions of service, and proposed tariffs.

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/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of July 28, 1999.

/s/ Dorothy Wideman
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated July 28, 1999 granting the Commission Staff’s request for rehearing and authorizing Great Lakes Energy Cooperative to provide gas service in Orangeville and Irving townships, Barry County, as set forth in the order.”