

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
GREAT LAKES ENERGY COOPERATIVE,)
GREAT LAKES ENERGY GAS SERVICES,)
LLC, CHERRYLAND PROPANE, LLC, and)
SHELL GAS (LPG) BULK LLC for authority to)
transfer certificates of public convenience and)
necessity.)
_____)

Case No. U-13972

At the March 16, 2004 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On December 4, 2003, Great Lakes Energy Cooperative and Great Lakes Energy Gas Services, LLC, (collectively, Great Lakes), Cherryland Propane, LLC (Cherryland), and Shell Gas (LPG) Bulk LLC (Shell) filed an application requesting authority for Great Lakes and Cherryland to transfer certain certificates of public convenience and necessity issued pursuant to 1929 PA 69, as amended, MCL 460.501 et seq., (Act 69) to Shell.

Pursuant to due notice, a prehearing conference was held on January 29, 2004 before Administrative Law Judge James N. Rigas. Great Lakes, Cherryland, Shell, and the Commission Staff participated in the proceedings.

Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that (1) the Commission has granted Great Lakes certificates pursuant to Act 69 in 17 separate dockets¹ and Cherryland a certificate in one docket,² (2) effective December 31, 2003, Great Lakes, Cherryland, and Shell closed on a sale and purchase agreement, which transferred to Shell Great Lakes' and Cherryland's propane sales and service operations, piped distribution systems, and heating, ventilation, and air conditioning operations, except for the assets and facilities related to piped propane service provided pursuant to the certificates, (3) the sale and purchase agreement deferred the effective date of the sale of the remaining propane assets and facilities pending Commission approval of the transfer of the certificates, (4) the parties are satisfied that the transfer of the certificates is reasonable, prudent, and in the public interest, and (5) the requested transfer should be authorized. By the settlement agreement, Shell agrees to the regulatory jurisdiction of the Commission to the same extent that such jurisdiction has been exercised over Great Lakes' and Cherryland's propane operations, including any applicable rate and gas safety standards or regulations.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1929 PA 69, as amended, MCL 460.501 et seq.; 1909 PA 300, as amended MCL 462.2 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17101 et seq.

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

¹ The 17 dockets in which the Commission has issued Great Lakes certificates are Cases Nos. U-11812, U-11813, U-11814, U-11819, U-12333, U-12362, U-12427, U-12428, U-12495, U-12791, U-12792, U-13418, U-13419, U-13420, U-13421, U-13422, and U-13524.

² Case No. U-12458.

c. Great Lakes and Cherryland should be authorized to transfer the certificates of public convenience and necessity to Shell.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Great Lakes Energy Cooperative, Great Lakes Energy Gas Services, LLC, and Cherryland Propane, LLC, are authorized to transfer the certificates of public convenience and necessity identified in the application to Shell Gas (LPG) Bulk LLC, provided that: (1) construction and maintenance of facilities affected by the settlement agreement comply with the Michigan Gas Safety Standards and applicable Commission rules, and no newly-constructed lines cross another utility's gas mains or service lines or parallel another utility's mains or service lines within a street or right-of-way, (2) any extension of service pursuant to the certificates of public convenience and necessity transferred pursuant to this order must be consistent with the company's then-existing customer attachment program or main extension policy, (3) prior to constructing any extension of a main within the townships covered by the certificates, Shell Gas (LPG) Bulk LLC gives 30 days' written notice to the Commission Staff, identifying the location of the proposed extension and providing a copy of its customer attachment program worksheet, if applicable, and (4) Shell Gas (LPG) Bulk LLC updates, on a quarterly basis, the description of "territory served" in the schedule of rates governing the sale of gas, thus including all new areas served.

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
issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of March 16, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

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.

MICHIGAN PUBLIC SERVICE COMMISSION

Chair

Commissioner

Commissioner

By its action of March 16, 2004.

Its Executive Secretary

STATE OF MICHIGAN
 BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the petition of
 GREAT LAKES ENERGY COOPERATIVE,)
 GREAT LAKES ENERGY GAS SERVICES, LLC,)
 CHERRYLAND PROPANE, LLC, and)
 SHELL GAS (LPG) BULK LLC, for authority to)
 transfer certificates of public convenience and)
 necessity to SHELL GAS (LPG) BULK LLC.)
 _____)

Case No. U-13972

SETTLEMENT AGREEMENT

On December 4, 2003, Great Lakes Energy Cooperative, Great Lakes Energy Gas Services, LLC, (collectively "Great Lakes"), Cherryland Propane, LLC ("Cherryland") and Shell Gas (LPG) Bulk LLC ("Shell") filed a petition requesting authority for Great Lakes and Cherryland to transfer certain certificates of public convenience and necessity ("certificates") to Shell. On January 6, 2004, the Commission issued its Notice of Hearing. In accordance with the Commission's Notice of Hearing, petitioners provided the requisite notice of hearing to all cities, incorporated villages, townships, counties and incumbent utilities rendering service in the proposed service area.

At the January 29, 2004 prehearing conference, Administrative Law Judge James N. Rigas presiding, petitioners presented proof of service of the Notice of Hearing, and appearances were entered on behalf of Great Lakes, Cherryland, Shell and the and Commission Staff ("Staff"). No other party entered an appearance.

Subsequent to the filing of the petition and prior to the prehearing conference, the parties engaged in extensive discussions relative to this matter. As a result of those discussions, the parties have agreed to enter into this Settlement Agreement.

This Settlement Agreement is submitted pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, §78; MCL 24.278) and Rule 333 of the

Commission's Rules of Practice and Procedure, R 460.17333. By this Settlement Agreement, GLE Gas Services and Staff hereby agree and stipulate as follows:

1. The Commission has granted Great Lakes certificates in the dockets indicated below:¹

| | |
|------------------|-------------------|
| Case No. U-11812 | July 16, 1999 |
| Case No. U-11813 | July 16, 1999 |
| Case No. U-11814 | June 10, 1999 |
| Case No. U-11819 | June 10, 1999 |
| Case No. U-12333 | June 10, 2000 |
| Case No. U-12362 | August 4, 2000 |
| Case No. U-12427 | December 4, 2000 |
| Case No. U-12428 | December 4, 2000 |
| Case No. U-12495 | December 4, 2000 |
| Case No. U-12791 | November 20, 2001 |
| Case No. U-12792 | November 20, 2001 |
| Case No. U-13418 | December 6, 2002 |
| Case No. U-13419 | December 6, 2002 |
| Case No. U-13420 | December 6, 2002 |
| Case No. U-13421 | December 6, 2002 |
| Case No. U-13422 | December 6, 2002 |
| Case No. U-13524 | December 6, 2002 |

2. In Case No. U-12458, dated December 4, 2000, the Commission granted Cherryland a comparable certificate.²

¹ Copies of the listed Commission orders were attached to the December 4, 2003 petition in this matter.

3. The orders referenced in paragraphs 1 and 2 above include the service areas set forth in the below listed captions:

In the matter of the application of)
GREAT LAKES ENERGY COOPERATIVE)
for a certificate of public convenience and necessity) Case No. U-11812
to provide gas service in Big Rapids Township,)
Mecosta County.)
_____)

In the matter of the application of)
GREAT LAKES ENERGY COOPERATIVE)
for a certificate of public convenience and necessity) Case No. U-11813
to provide gas service in Solon Township,)
Kent County.)
_____)

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, Barry County.)
_____)

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.)
_____)

In the matter of the application of)
GREAT LAKES ENERGY COOPERATIVE)
for a certificate of public convenience and necessity) Case No. U-12333
relative to Wayland Township, Allegan County.)
_____)

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC,)
for a certificate of public convenience and necessity) Case No. U-12362
to provide gas service in Section 22 of Littlefield)
Township, Emmet County.)
_____)

² A copy of the cited Commission order was attached to the December 4, 2003 petition in this matter.

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC,)
for a certificate of public convenience and necessity)
to provide gas service in Shelby Township, Oceana)
County.)
_____)

Case No. U-12427

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC,)
for a certificate of public convenience and necessity)
to provide gas service in Hayes Township, Otsego)
County.)
_____)

Case No. U-12428

In the matter of the application of)
CHERRYLAND PROPANE, LLC, for a)
certificate of public convenience and necessity)
to provide gas service in Solon Township,)
Leelanau County.)
_____)

Case No. U-12458

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC,)
for a certificate of public convenience and necessity)
to provide gas service in Hayes Township,)
Charlevoix County.)
_____)

Case No. U-12495

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
relative to Corwith Township, Otsego County.)
_____)

Case No. U-12791

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
relative to Thornapple Township, Barry County.)
_____)

Case No. U-12792

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Hebron Township,)
Cheboygan County.)
_____)

Case No. U-13418

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Hamlin Township,)
Mason County.)
_____)

Case No. U-13419

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Cedar Creek Township,)
Muskegon County.)
_____)

Case No. U-13420

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Dalton Township,)
Muskegon County.)
_____)

Case No. U-13421

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Pleasanton Township,)
Manistee County.)
_____)

Case No. U-13422

In the matter of the application of)
GREAT LAKES ENERGY GAS SERVICES, LLC)
for a certificate of public convenience and necessity)
to provide gas service in Casco Township,)
Allegan County.)
_____)

Case No. U-13524

4. In each of the orders referenced in paragraphs 1 and 2 above, the Commission "reserved jurisdiction to issue further orders as necessary".

5. In each of the proceedings referenced in paragraphs 1 and 2 above, notice and hearing were provided.

6. On December 31, 2003, effective December 31, 2003, with the exception of the service areas relative to the certificates referenced in paragraphs 1 and 2 above ("excluded propane assets"), petitioners executed a Sale and Purchase Agreement by which Great Lakes'

and Cherryland's assets relating to propane sales and service operations, piped distribution systems and heating, ventilation and air conditioning operations (collectively, "propane assets") were sold to Shell, a Delaware limited liability company.

7. By the Sale and Purchase Agreement, the effective date of the sale of excluded propane assets was deferred pending Commission approval of transfer of the certificates referenced in paragraphs 1 and 2 above.

8. To effectuate sale of the excluded propane assets to Shell, it is necessary to authorize Great Lakes and Cherryland to transfer the certificates referenced in paragraphs 1 and 2 above to Shell.

9. In this docket, neither Great Lakes, Cherryland nor Shell request that the Commission issue new certificates. Instead, Great Lakes, Cherryland and Shell request authority for Great Lakes and Cherryland to transfer their certificates to Shell.

10. The Commission Staff has reviewed all relevant documents relating to the sale of the propane assets and is satisfied that, subject to the conditions set forth below, the transfer of the certificates is reasonable, prudent and in the public interest.

11. All parties hereto agree that, subject to the conditions set forth below, the proposed transfer of the certificates is reasonable, prudent and in the public interest – and that such transfer should be authorized.

12. Shell agrees to the regulatory jurisdiction of this Commission to the same extent that such jurisdiction has been exercised over Great Lakes' and Cherryland's propane operations, including any applicable rate and gas safety standards or regulations.

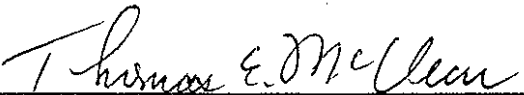
13. This Settlement Agreement is without precedential effect and is intended only for final disposition of the issues in this proceeding. The parties hereto join in respectfully requesting the Commission to grant prompt approval of same. It is the opinion of the signatories hereto that this Settlement Agreement will be in the public interest, aid the

expeditious conclusion of this case and minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and the parties.

14. Each signatory hereto agrees not to appeal, challenge or contest the certificate approved by the Commission in this case if it is the result of a Commission order accepting and approving this Settlement Agreement without modification. If the Commission does not accept this Settlement Agreement without modification, this Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

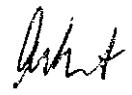
15. Section 81 of the Administrative Procedures Act of 1969 is waived by the signatories hereto, if this Settlement Agreement and Stipulation is approved by the Commission without modification.

16. The Commission Staff certifies that this Settlement Agreement is reasonable and in the public interest.



COMMISSION STAFF
By: Thomas E. McClear (P25585)
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Public Service Division
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Dated: January 29, 2004



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Dated: January 29, 2004



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Dated: January 29, 2004