

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
WASHINGTON 10 STORAGE CORPORATION)	
for <i>ex parte</i> approval to commence Phase III)	Case No. U-16050
operation in 2009 at the Shelby 2 storage field.)	
_____)	

At the September 15, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

OPINION AND ORDER

On July 21, 2009, Washington 10 Storage Corporation (Washington 10) filed an application seeking *ex parte* approval by the Commission of the early commencement of its Phase III operation of the Shelby 2 storage field.¹ Washington 10 explained that it was originally anticipated that Phase III of the Shelby 2 project, wherein the maximum stabilized wellhead pressure (MSWP) of the Shelby 2 storage field would increase to 1,811 pounds per square inch gauge (psig) and the total working capacity of the field would increase to 8.1 billion cubic feet (Bcf), would commence during the 2010/2011 season.

¹In an order issued June 12, 2007 in Case No. U-15149, the Commission issued a certificate of public convenience and necessity authorizing Washington 10 to acquire, construct, own, and operate Shelby 2 and the Shelby 2 pipeline. Under the terms of the settlement agreement between Washington 10 and the Commission Staff, it was determined that the Shelby 2 field would be developed in a series of three phases.

According to the application, the Shelby 2 project was successfully constructed and commenced injection ahead of schedule. Further, given the availability of a significantly greater compression station capacity due to integration of the Shelby 2 storage field with the operations of two nearby storage fields, Washington 10 reports that the Shelby 2 storage field was able to be filled more quickly than originally anticipated. Moreover, with the project ahead of schedule, Washington 10 was able to perform the required integrity testing of the storage field during 2008-2009.

Citing recent significant price reductions in domestic gas supply and opportunities for providing low cost storage to storage customers in need of additional storage capacity, Washington 10 states that the Commission should approve its request for authority to proceed to its certificated Phase III operation at Shelby 2 in 2009. According to Washington 10, by achieving the certificated Phase III operating pressure a year prior to initially planned, Washington 10 will be able to provide approximately 1.5 Bcf of incremental storage capacity for the 2009/2010 season.

To proceed to its certificated Phase III operation in 2009 in a safe and reliable manner, Washington 10 proposes the following operating plan:

A. Washington 10 proposes that upon achieving its Phase II operating pressure of 1,585 psig, Washington 10 will conduct an extended shut in to verify the integrity of the reservoir and will review the data with MPSC Staff.

B. Upon verification that the reservoir is performing as expected at the Phase II operation, Washington 10 proposes to immediately proceed to its Phase III MSWP of 1,811 psig upon which it will again perform an extended shut in to validate the integrity of the reservoir at its Phase III operation.

Washington 10 maintains that it will be able to validate the integrity of the Shelby 2 field for Phases II and III at the same level of safety and prudence as contemplated under the shorter shut-in periods performed over multiple seasons as initially set forth in the settlement agreement approved in Case No. U-15149. Washington 10 also asserts that it has reviewed its current monitoring

programs at Shelby 2 and has confirmed that they are adequate for the certificated operation.

According to Washington 10, (1) the Shelby 2 pipeline will be operating within the maximum allowable operating pressure (MAOP) of 2,160 psig as initially certificated and (2) no additional facilities or modifications to existing facilities will be required for the operation proposed in the application.

Finally, because Washington 10 is not seeking approval for any changes to its rates or charges to its general service customers, the applicant maintains that the Commission may approve the application without notice or hearing as provided in MCL 460.6a.

After reviewing the application and its attachments, the Commission finds that *ex parte* approval of Washington 10's application is reasonable, and should be granted.

THEREFORE, IT IS ORDERED that:

A. Washington 10 Storage Corporation's July 21, 2009 application seeking *ex parte* approval by the Commission of the early commencement of its Phase III operation of the Shelby 2 storage field is granted.

B. The Shelby 2 storage field shall be allowed to proceed to its certificated Phase III operation in 2009 in accordance with Washington 10 Storage Corporation's proposed operating plan reflected in the company's July 21, 2009 application.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of September 15, 2009.

Mary Jo Kunkle, Executive Secretary