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August 16, 1999
Via Hand Delivery

Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 3 1221
Lansing, MI 48909-7504

U-12079
~~U-12081~~

Re: SEMCO Energy Gas Company
Application for Act 9 Certificate
MPSC Case No. U-_____

Dear Ms. Wideman:

Enclosed is an original and fifteen (15) copies of the Application for Act 9 certificate. If you have any questions, please call me.

Very truly yours,

LOOMIS, EWERT, PARSLEY,
DAVIS & GOTTING, P.C.


Ronald W. Bloomberg

RWB:blp
enclosure

cc w/enc: John Kosht

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
SEMCO ENERGY GAS COMPANY for)
a certificate of public convenience and)
necessity to own and operate a)
natural gas transmission line in)
St. Clair County, Michigan.)
_____)

Case No. **U-12079**

APPLICATION

SEMCO Energy Gas Company (“SEMCO Gas”) requests the Michigan Public Service Commission (“Commission”) to authorize SEMCO Gas to own and operate a natural gas transmission line in St. Clair County, Michigan, and respectfully represents as follows:

1. SEMCO Gas is a Michigan corporation with its principal office located at 405 Water Street, Port Huron, Michigan, and is engaged as a public utility in the business of supplying natural gas to the public in its various service areas in the state of Michigan.
2. SEMCO Gas has entered into an agreement to purchase from Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) an existing 16-inch outside diameter lateral pipeline which interconnects with a line tap located at Great Lakes’ interstate transmission line milepost 971.0 in China Township, St. Clair County, and extends approximately 1.6 miles to an interconnection with an above-grade, 8-inch meter station in China Township, St. Clair County, immediately adjacent to a location where The Detroit Edison Company (“Detroit Edison”) has three gas-fired 72 megawatt generating units and

related facilities. The lateral pipeline is located entirely within the boundaries of properly owned by Detroit Edison. The lateral pipeline enables Detroit Edison to receive delivery of natural gas to fuel the three gas-fired generating units, which are capable of producing a total of 216 megawatts of electricity per hour. Detroit Edison plans to use this power to increase reserve capacity levels, thereby alleviating potential shortfalls in meeting its peak power requirements. Attachment A hereto is a map which depicts the route of the lateral pipeline.

3. In Great Lakes' Application, docketed as FERC CP 99-162, for required Federal Energy Regulatory Commission ("FERC") authority to construct and operate the lateral pipeline, Great Lakes presented environmental information regarding the construction and operation of the lateral pipeline. This FERC application, including the environmental information, was noticed in the Federal Register and reviewed by the FERC Staff without any protest being filed. As of March 16, 1999, Great Lakes received the required FERC authority to construct and operate the lateral pipeline. Great Lakes has represented and warranted to SEMCO Gas, and to the best of SEMCO Gas's knowledge, the lateral pipeline and all related facilities were designed, tested, constructed and operated in compliance with all applicable laws, including the federal Gas Pipeline Act and the Michigan Gas Safety Code. The ownership and operation of the lateral pipeline and related facilities by SEMCO Gas will not raise any significant environmental issues.

4. After construction, the pipeline was hydrostatically tested at a minimum pressure of 2,095 p.s.i.g. for 8 hours, which qualifies it for a maximum operating pressure of 974 p.s.i.g. The operation of the lateral pipeline and related facilities by SEMCO Gas will comply with the Michigan Gas Safety Code.

5. Via this lateral pipeline, SEMCO Gas will transport approximately 1.6 Bcf per year of natural gas from Great Lakes' interstate transmission line to the Detroit Edison facilities. Transportation will be provided pursuant to a Transportation Service Agreement between SEMCO Gas and Detroit Edison. Simultaneous herewith, SEMCO Gas is filing an Application seeking Commission approval to provide services pursuant to the Transportation Service Agreement.

6. The purchase price for the lateral pipeline and related facilities is \$2,100,000, which approximates Great Lakes' cost of constructing the lateral pipeline and related facilities. Attached as Attachment B is an estimate of the anticipated revenue, expenses and income of the lateral pipeline for a 5-year period.

7. SEMCO Gas represents that its operation of the pipeline will be in accordance with the requirements of all applicable federal, state and local laws, rules and regulations, including but not limited to the Michigan Gas Safety Code.

8. SEMCO Gas represents that its ownership and operation of the lateral pipeline will serve the public convenience and necessity by providing pipeline transportation.

9. SEMCO Gas represents that approval of the pipeline without hearings will save the time and expense the Commission would otherwise be required to devote to this proceeding, will eliminate regulatory delay, and will allow SEMCO Gas to begin providing the necessary transportation service to the Detroit Edison facilities in a more timely manner.

WHEREFORE, SEMCO ENERGY GAS COMPANY prays that this Commission issue an ex parte order:

- A. Granting SEMCO Energy Gas Company a certificate of public convenience and necessity to own and operate the pipeline as set forth in this application; and
- B. Granting such other relief as may be lawful and appropriate.

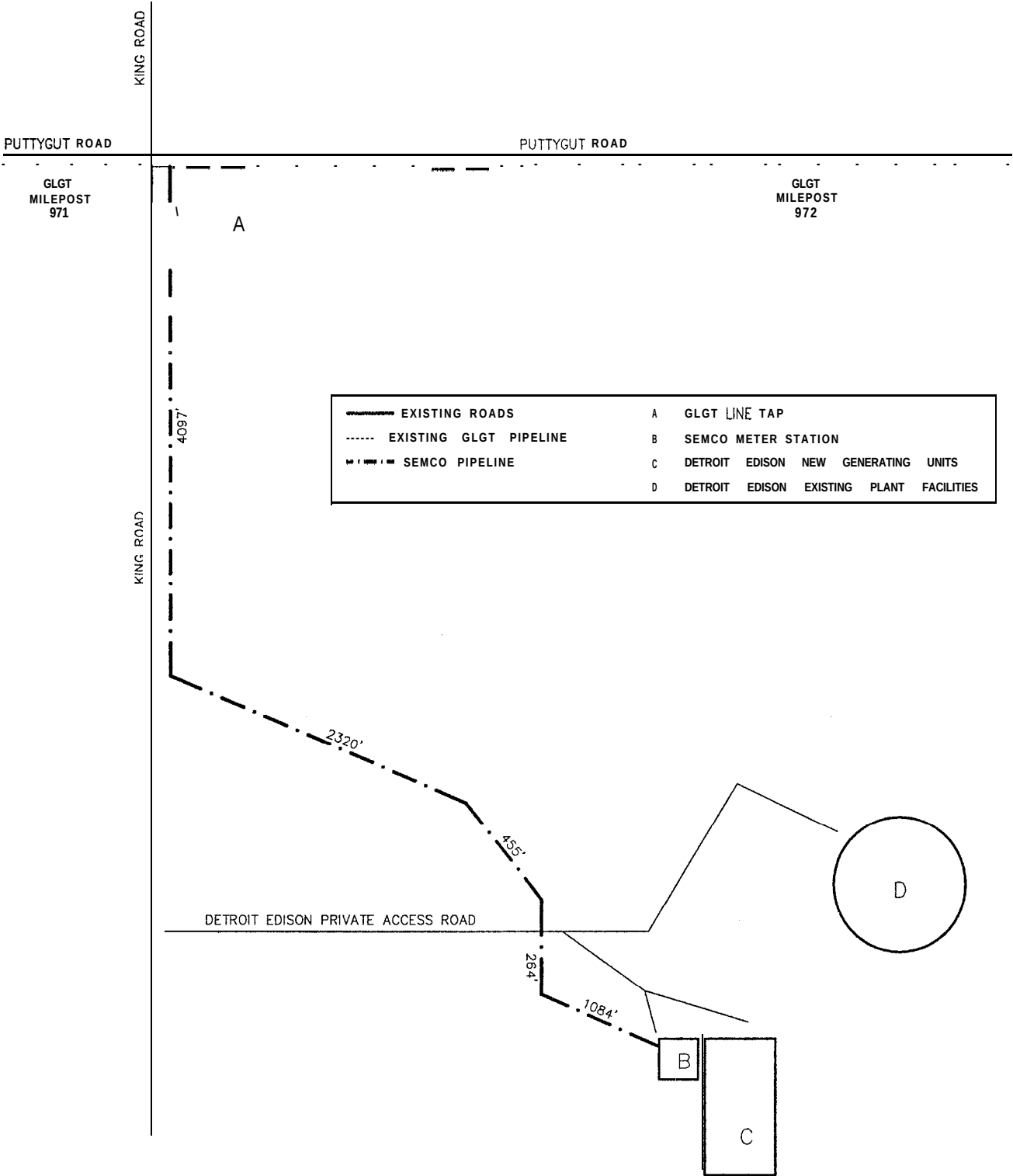
Respectfully submitted,

SEMCO ENERGY GAS COMPANY

Dated: August 16, 1999

By: Ronald W. Bloomberg
One of Its Attorneys
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* DRAWING NOT TO SCALE

SEMCO Energy Gas Company			Attachment A to Application		
DRAWN	JAC	CHECKED			
DATE	8/13/99	DATE			
			APPROVED		
			DATE		

SEMCO ENERGY GAS COMPANY

Five Year Projection of Revenue, Expenses and
Income from Transportation of Natural Gas Through
Detroit Edison Lateral

(000s Omitted)

	2000	2001	2002	2003	2004
Revenues	360	360	360	360	360
Expenses:					
Property Tax	47	47	47	47	47
Depreciation	63	63	63	63	63
Interest	77	77	77	77	77
Total	187	187	187	187	187
Pre Tax Income	173	173	173	173	173
Income Tax	62	62	62	62	62
Net Income	111	111	111	111	111

ATTACHMENT B TO APPLICATION