

MICHIGAN DEPARTMENT OF COMMERCE
PUBLIC SERVICE COMMISSION

INTEROFFICE COMMUNICATION

To: The Commission Date: 10/7/99

From:

ALJ James N. Rigas

Subject:

Transmittal of Case No. U- 12 100
SEMCO ENERGY GAS COMPANY, for Commission Approval

HEARING DATE: October 7, 1999

APPEARANCES: Ronald W. Bloomberg, Attorney for Applicant

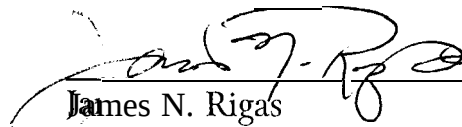
Raymond E. McQuillan, Attorney for Consumers Energy
Company

Tonatzin M. Alfaro Garcia, Assistant Attorney General

The above-referenced matter is hereby transmitted to the Commission for its consideration. The application has been settled by the parties. A hearing was held on October 7, 1999. Section 81 of the Administrative Procedures Act of 1969, as amended, has been waived by all parties.

A proposed order and a copy of the Settlement Agreement are attached.

Respectfully submitted,


James N. Rigas
Administrative Law Judge

JNR/dmp

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 construct facilities in)
and render gas service in Sections 7)
of Mendon Township, St. Joseph County,)
Michigan)

Case No. U-12100

SETTLEMENT AGREEMENT

On August 27, 1999, SEMCO Energy Gas Company ("SEMCO Gas") filed an application requesting a Certificate of Public Convenience and Necessity pursuant to MCL 460.501 et seq.; MSA 22.141 et seq. ("Act 69") to construct facilities and render natural gas service in section 7 of Mendon Township, St. Joseph County, Michigan.

Pursuant to due notice, a prehearing conference was held on October 7, 1999. At the prehearing conference, the Commission staff "(Staff)" entered its appearance. SEMCO Gas presented an Affidavit of Mailing that a copy of the Notice of Hearing was mailed on September 21, 1999, to all cities, incorporated villages, townships, and counties within the affected area of gas service, as well as all utilities rendering gas service in the township. Consumers Energy Company was the only one to file a Petition to Intervene, which petition was granted.

At the prehearing conference, the parties resolved all issues in this case and executed this Settlement Agreement ("Agreement"). This Agreement identifies the rights and obligations of SEMCO Gas concerning the provisions of natural gas service in Section 7 of Mendon Township, St. Joseph County, Michigan and is in accordance with Section 78 of the Administrative Procedures Act of 1969, MCL 24.278; MSA 3.560(178) and Rule 333 of the Commission's Rules of Practice and Procedure, R 460.17333.

WHEREFORE, the parties agree as follows:

1. On June 3, 1999, Ordinance No. 99-25 was adopted by the Township Board of the

Township of Mendon, St. Joseph County, Michigan, granting SEMCO Gas the right to do a local gas business in Section 7 in the Township.

2. SEMCO Gas can construct and operate facilities to provide natural gas service to persons located in Kline's Resort in Section 7 as requested in its Application.

3. Extension of service as presented in the Application will promote good gas safety practices, avoid unnecessary duplication of facilities, introduce a measure of competition, promote customer choice, and extend facilities in a manner which does not adversely affect the rates of existing customers.

4. An Act 69 Certificate of Public Convenience and Necessity should be granted to SEMCO Gas to construct facilities and provide natural gas service in Mendon Township, St. Joseph County, consistent with the provisions of this Agreement.

5. The parties jointly request the Commission to issue expeditiously an Order approving the Settlement Agreement and granting the Certificate of Public Convenience and Necessity as agreed to herein. The Staff certifies that this Agreement is reasonable and in the public interest.

6. For the sole purpose of submitting this Agreement to the Commission, the parties waive compliance with the provisions of Section 81 of the Administrative Procedures Act of 1969; MCL 24.281; MSA 3.560(181).

7. This Settlement Agreement and all offers of settlement and discussion relating to it are privileged and shall not be admissible as evidence or of any precedential value in this proceeding or any other proceeding except to the extent necessary to enforce the terms of this Settlement Agreement and to support the Settlement Agreement before this Commission.

8. This Settlement Agreement is conditioned upon the issuance of a final order by the Commission approving, without modification, this Settlement Agreement. In the event the Commission issues an Order which does not approve this Settlement Agreement in its entirety, without modification, this Settlement Agreement is void in its entirety.

SEMCO GAS ENERGY COMPANY

October 7, 1999

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