

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
CONSUMERS ENERGY COMPANY	)	
for a partial waiver of Rule 606(2)(b) of the	)	Case No. U-12103
Michigan Gas Safety Standards.	)	
_____	)	

At the March 14, 2000 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 GRANTING WAIVER

On September 15, 1999, Consumers Energy Company (Consumers) filed an application requesting a partial waiver of the requirement that it conduct a leakage survey of the portion of its natural gas system's copper services on the customers' premises (the yard portion) at least once every three years. This requirement, which was originally contained in Rule 723(2)(b) of the former Michigan Gas Safety Code, has been adopted by reference as Rule 606(2)(b) of the Michigan Gas Safety Standards, 1999 MR 12, R 460.20606(2)(b). According to its application, Consumers contends that conducting such a leakage survey every five years (rather than every three years) is reasonable and should be allowed in this case.

Pursuant to due notice, interested persons were invited to submit comments or petitions to intervene no later than December 7, 1999. No comments or petitions to intervene were filed. A

prehearing conference was held on December 14, 1999, and Consumers and the Commission Staff (Staff) participated in the proceedings.

The parties subsequently entered into a settlement agreement resolving all issues in this case.

According to the settlement agreement, Consumers provided corrosion leak data showing that the leak rate for copper services is comparable to that for coated and wrapped steel services and that it is much better than that for bare steel services. The settlement agreement goes on to note that, based on the performance of copper services over the last 12 years, leak surveying the yard portion of copper services on an interval not to exceed five years is reasonable and (because most leaks occur near the roadway) Consumer's concurrent proposal to do a mobile leakage survey on a three-year cycle is not inconsistent with gas pipeline safety and is in the public interest.

The settlement agreement goes on to state that the Staff reviewed Consumers' data and agreed that (1) the proposed waiver will serve the public interest, (2) granting the requested waiver is not inconsistent with gas pipeline safety, and (3) issuing this waiver will not violate the principles of risk management.

The Commission finds that granting a partial waiver of the rule concerning the interval for leakage survey of the yard portion of Consumers' copper services (by imposing on Consumers an interval not to exceed five years, rather than three years) would not be inconsistent with gas pipeline safety. Given the exceptionally low incidence of corrosion leaks on copper service lines and the fact that a majority of the leaks have occurred within the road right-of-way, public safety should not be adversely affected if Consumers' requested partial waiver of compliance is approved.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 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 AACCS, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.
- c. Consumers' request for a partial waiver of Rule 606(2)(b) of the Michigan Gas Safety Standards is not inconsistent with gas pipeline safety and should be granted.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Consumers Energy Company's request for a partial waiver of the three-year maximum interval for conducting a leakage survey of the yard portion of copper services, as adopted by reference in Rule 606(2)(b) of the Michigan Gas Safety Standards, 1999 MR 12, R 460.20606(2)(b), is granted. The Commission's Gas Safety Staff will notify the United States Department of Transportation's Office of Pipeline Safety of this action.

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 March 14, 2000.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

“Adopt and issue order dated March 14, 2000 approving the settlement agreement and granting the request of Consumers Energy Company for a partial waiver of Rule 606(2)(b) of the Michigan Gas Safety Standards, as set forth in the order.”