

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
SEMCO ENERGY GAS COMPANY	)	
for authority to operate the China Pipeline	)	Case No. U-12079
in St. Clair County.	)	

At the September 28, 1999 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 APPROVING APPLICATION

On August 16, 1999, SEMCO Energy Gas Company (SEMCO) filed an application, pursuant to the provisions of 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq., requesting authority to operate the China Pipeline. On that date, SEMCO also filed an application (in Case No. U-12081) for approval of a special gas transportation contract with The Detroit Edison Company (Detroit Edison).

The pipeline consists of a 16 inch outer diameter line approximately 1.6 miles long, extending from a point of interconnection with Great Lakes Gas Transmission Limited Partnership's (Great Lakes) interstate pipeline at milepost 971, located in China Township, St. Clair County, to a point of interconnection with an above-grade, 8 inch meter station, which is also in China Township and is immediately adjacent to Detroit Edison's 3 gas-fired 72 megawatt generating units. The China

Pipeline is currently owned by Great Lakes and enables Detroit Edison to receive natural gas to fuel its three generating units.

SEMCO asserts that it will comply with the Michigan Gas Safety Code and has submitted a map showing the location of the pipeline. The maximum allowable operating pressure of the pipeline is 974 pounds per square inch gauge and its cost is approximately \$2.1 million. Finally, SEMCO has submitted an exhibit that estimates the anticipated revenue, expenses, and income of the pipeline for a five-year period.

Great Lakes, an interstate pipeline company regulated by the Federal Energy Regulatory Commission (FERC), has filed a request with the FERC to abandon service on the pipeline. Once Great Lakes has received approval to abandon service on the pipeline, it will sell the pipeline to SEMCO.

After reviewing the application, the Commission finds that the pipeline will serve the public convenience and necessity and that ex parte approval is appropriate.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 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 165, as amended, MCL 483.151 et seq.; MSA 22.1332(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 map, route, and type of construction of the China Pipeline should be approved contingent upon Great Lakes' receiving FERC approval to abandon service on the pipeline and its subsequent sale of the pipeline to SEMCO.
- c. The pipeline is practicable in that it provides an economic means of delivering natural gas to market.
- d. The pipeline will meet the requirements of the Michigan Gas Safety Code if tested and operated as proposed.
- e. The pipeline will serve the public convenience and necessity.
- f. The public interest will be adequately protected without the time and expense of a public hearing.

THEREFORE, IT IS ORDERED that:

A. SEMCO Energy Gas Company is authorized, contingent upon Great Lakes Gas Transmission Limited Partnership receiving Federal Energy Regulatory Commission approval to abandon service on the China Pipeline and the pipeline's subsequent sale to SEMCO Energy Gas Company, to operate the China Pipeline in St. Clair County, as proposed in the application filed on August 16, 1999 and subject to the requirements of 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq.

B. The map, route, and type of construction of the China Pipeline are approved.

C. Within 120 days of the date of this order, SEMCO Energy Gas Company shall file with the Commission a copy of all Federal Energy Regulatory Commission documents that authorize Great Lakes Gas Transmission Limited Partnership to abandon service on the China Pipeline.

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

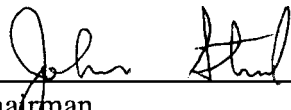
By its action of September 28, 1999.

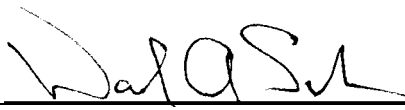
/s/ Dorothy Wideman
Its Executive Secretary

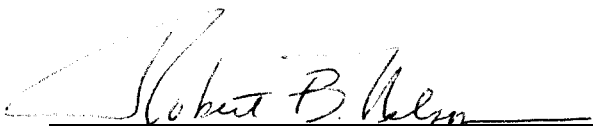
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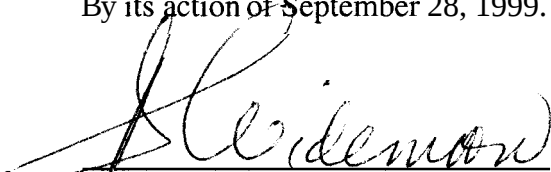
MICHIGAN PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

By its action of September 28, 1999.


Its Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)
County of Ingham)

Case No. U-12079

Marcia Hoskins, being duly sworn, deposes and says that on September 29, 1999, A.D. she served a copy of the attached order, by mailing copies thereof by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Marcia Hoskins

Subscribed and sworn to before me
this 29th day of September 1999.

Sharon Higgins Allen
Notary Public, Ingham County, Michigan
My Commission expires August 16, 2000

SERVICE LIST FOR DOCKET # U - 12079-
DATE OF PREPARATION: 09/24/1999

CASE #

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