

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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|                                                    |   |                  |
|----------------------------------------------------|---|------------------|
| In the matter of the application of                | ) |                  |
| <b>CONSUMERS ENERGY COMPANY</b> for a              | ) |                  |
| certificate of public convenience and necessity to | ) | Case No. U-12715 |
| provide natural gas service in Alabaster Township, | ) |                  |
| Iosco County.                                      | ) |                  |
| _____                                              | ) |                  |

At the February 22, 2001 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**OPINION AND ORDER**

On November 15, 2000, Consumers Energy Company (Consumers) filed an application, pursuant to the provisions of 1929 PA 69, as amended, MCL 460.501 et seq.; MSA 22.141 et seq., requesting a certificate of public convenience and necessity to extend its facilities and to provide natural gas service in Alabaster Township, Iosco County.

Pursuant to due notice, a prehearing conference was held on January 9, 2001 before Administrative Law Judge George Schankler. Consumers and the Commission Staff participated in the proceedings.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that (1) Consumers currently holds a non-exclusive franchise to provide natural gas service in Alabaster Township, Iosco County, (2) the provision of natural gas service by Consumers to customers located in Alabaster Township will serve the public convenience and necessity, and (3) the requested certificate of public convenience and necessity should be granted.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1929 PA 69, as amended, MCL 460.501 et seq.; MSA 22.141 et seq.; 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.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Consumers Energy Company is granted a certificate of public convenience and necessity to construct facilities and to provide natural gas service to customers located in Alabaster Township, Iosco County.

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/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of February 22, 2001.

/s/ Dorothy Wideman  
Its Executive Secretary

## STATE OF MICHIGAN

## BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

|                                         |   |                  |
|-----------------------------------------|---|------------------|
| In the Matter of the Application of     | ) |                  |
| Consumers Energy Company for a          | ) |                  |
| Certificate of Public Convenience and   | ) | Case No. U-12715 |
| Necessity to Render Natural Gas Service | ) |                  |
| in Alabaster Township, Iosco County     | ) |                  |
| <u>Michigan</u>                         | ) |                  |

**SETTLEMENT AGREEMENT**

On November 15, 2000, Consumers Energy Company ("Consumers Energy") filed an Application in Case No. U-12715 requesting issuance of a Certificate of Public Convenience and Necessity ("Certificate") pursuant to MCL 460.501 et seq., MSA 22.141 et seq. ("Act 69") to render natural gas service in Alabaster Township, Iosco County, Michigan.

Pursuant to the Notice of Hearing, a prehearing conference in Case No. U-12715 was held before Administrative Law Judge George Schankler on January 9, 2001. At the prehearing conference, the Commission ("Staff") entered its appearance. No other utility or municipality appeared or participated in the proceeding.

Subsequent to the prehearing conference in this matter the parties discussed and resolved the issues in this case and, as a result, decided to resolve their differences by virtue of this Settlement Agreement ("Agreement"). This Agreement identifies the rights and obligations of the parties concerning the provision of natural gas service in Alabaster Township, Iosco County, Michigan, 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, R460.17333.

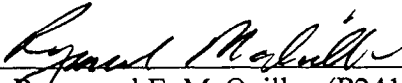
WHEREFORE, the parties agree as follows:

1. On July 10, 2000, the Alabaster Township granted Consumers Energy a non-exclusive franchise (Ordinance No. 1002) authorizing it to conduct a local gas business within the Township of Alabaster, Iosco County, Michigan. Provision of natural gas service by Consumers Energy to Alabaster Township, Iosco County, Michigan, will serve the public convenience and necessity.
2. An Act 69 Certificate shall be granted to Consumers Energy to provide natural gas service to customers in Alabaster Township, Iosco County, Michigan.
3. Construction and maintenance of the system must comply with the Michigan Gas Safety Standards and applicable Commission rules, and no newly constructed lines shall cross another utility's gas mains or service lines or parallel another utility's mains or service lines within a street or right of way.
4. Prior to constructing any extension of main within the township, Consumers Energy must give 30 days' written notice to the Commission's Competitive Services Section and Michigan Consolidated Gas Company, identifying the location of the proposed extension and a copy of the customer attachment program worksheet, if applicable, for the extension.
5. Consumers Energy will update quarterly the description of Territory Served in its Schedule of Rates Governing the Sale of Natural Gas Service to include new areas served under franchise or Act 69 Certificates.
6. The parties join in requesting the Commission to expeditiously issue an order approving this Agreement and issuing an Act 69 Certificate as provided in this Agreement. The Staff certifies that this Agreement is reasonable and in the public interest.

7. 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).

Dated: January 31, 2001

CONSUMERS ENERGY COMPANY

By:   
Raymond E. McQuillan (P24100)

Dated: January 23, 2001

STAFF OF THE MICHIGAN PUBLIC  
SERVICE COMMISSION

By:   
David M. Gadaletto (P30163)