

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
BATTLE CREEK GAS COMPANY for a certificate)
of public convenience and necessity (Lee)
11 Storage Field).)

Case No. U-9076

At a session of the Michigan Public Service Commission held at its offices in the city of Lansing, Michigan, on the 26th day of May, 1988.

PRESENT: Hon. William E. Long, Chairperson
Hon. Edwyna G. Anderson, Commissioner
Hon. Steven M. Fetter, Commissioner

ORDER GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On March 9, 1988, Battle Creek Gas Company (Battle Creek) filed an application for a certificate of public convenience and necessity pursuant to the provisions of Section 2, 1923 PA 238, MCL 486.252, as amended by 1973 PA 26. On April 13, 1988, Battle Creek amended its application to add an additional parcel of land.

Battle Creek, a Michigan corporation with its principal offices located in Battle Creek, is engaged in the business of supplying natural gas to the public in its service areas in the counties of Barry and Calhoun.

Pursuant to due notice, a hearing was held on May 19, 1988 before Administrative Law Judge Alfred A. Sullivan (ALJ). Battle Creek and the Commission Staff (Staff) participated in the proceedings. The testimony of Larry Lee Sherman and Douglas J. Elenbaas, on behalf of Battle Creek, was presented. The Staff presented the testimony of Mark Nida.

Under the provisions of MCL 486.252, the Commission must determine that the present or future public convenience and necessity will be served by the acquisition of the property for use as a natural gas storage field. Second, the Commission must determine that the field is safe for development and the operation of gas storage.

According to Battle Creek, its present gas storage capability is inadequate to allow it to provide its customers with a reliable supply of natural gas during peak demand periods at prices that are most beneficial to ratepayers. To develop additional gas storage capability for this purpose, Battle Creek proposes to convert the Lee 11 Gas Field, located in Section 11 of Lee Township, Calhoun County, to a gas storage field, which would provide it with an additional working gas storage capacity of 660 MMcf.

There are two existing non-producing gas wells located in the field. Battle Creek proposes initially to convert one of those wells to a facility well, the so-called Watson-O'Dell #1-11 Well located in the west half of the northeast quarter (NE/4) of the northeast quarter of Section 11. The other well, the Clark #1-11 Well located in in the west half of the southeast quarter of the northeast quarter of Section 11, will be utilized initially as an observation/key pressure well.

Commencement of storage activities in the proposed Lee 11 field on or about June 1, 1988 is necessary to ensure maintenance of adequate services by Battle Creek in the Calhoun County area. The Lee 11 Storage Field would have a maximum allowable operating pressure of 1250 psia at the wellhead; the pressure in the reservoir will not exceed .439 psi per foot of depth and the field is safe for development and the operation in this fashion for gas storage, according to Battle Creek. Battle Creek states that conversion of the Lee 11 Field to gas

storage is necessary and will serve the present or future public convenience and necessity.

Commission approval of the proposed storage field does not constitute a "major state activity" as defined in Part 4 of the State of Michigan Guidelines for the Preparation and Review of Environmental Impact Statements under Executive Order 1974-4. Therefore, an Environmental Impact Statement has not been prepared for the project.

On May 19, 1988, the ALJ issued a Report and Recommendation stating that the application should be approved.

After review of the application, the Commission finds that Battle Creek's proposal is just and reasonable and the issuance of a certificate of Public Convenience and necessity is in the public interest.

The Commission FINDS that:

a. Jurisdiction is pursuant to Section 2, 1923 PA 238, as amended, MCL 486.252; 1969 PA 306, as amended, MCL 24.201 et seq.; 1969 PA 165, as amended, MCL 483.151, et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. The present or future public convenience and necessity will require the acquisition by Battle Creek of property or interest in that area known as the Lee 11 Gas Field located in Section 11 of Lee Township, Calhoun County, Michigan.

c. The Lee 11 Gas field will be safe for development and operation of gas storage.

d. The requirements of Executive Order 1974-4 have been met.

THEREFORE, IT IS ORDERED that:

A. A Certificate of Public Convenience and Necessity is granted to Battle

Creek Gas Company pursuant to MCL 486.252 to acquire property or interest in that area known as the Lee 11 Gas Field, located in the NE/4 of Section 11 of Lee Township, Calhoun County, Michigan.

B. The Lee 11 Gas Field may be developed and operated as a gas storage filed with a maximum allowable operating pressure of 1250 psia at the wellhead.

C. The development and operation of the Lee 11 Gas Storage Field by Battle Creek Gas Company shall remain subject to orders and continuing supervision, including filing of reports, as from time to time are required by this Commission.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

Any party desiring to appeal this order must perfect an appeal to the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ William E. Long
Chairperson

By the Commission and pursuant to
its action of May 26, 1988.

/s/ Edwyna G. Anderson
Commissioner

/s/ Dorothy Wideman
Its Executive Secretary

/s/ Steven M. Fetter
Commissioner