

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
ANR EATON COMPANY and SEMCO GAS )  
STORAGE COMPANY for a certificate of )  
public convenience and necessity (Eaton )  
Rapids 36 gas storage field). )  
\_\_\_\_\_ )

Case No. U-9355

9355  
9-25-91

At the September 25, 1991 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Steven M. Fetter, Chairman  
Hon. William E. Long, Commissioner  
Hon. Ronald E. Russell, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT AND AMENDING PRIOR ORDER

On November 9, 1989, the Commission issued an order that approved a settlement agreement, granted a certificate of public convenience and necessity, and ordered ANR Eaton Company and SEMCO Gas Storage Company (collectively called Applicants) to develop and operate the Eaton Rapids 36 gas reservoir as a gas storage field with a maximum allowable reservoir pressure of 1,938 pounds-per-square-inch-atmospheric (psia).

On July 1, 1991, the Applicants filed an application requesting the Commission to amend its November 9, 1989 order in Case No. U-9355 so as to authorize the operation of the Eaton Rapids 36 gas storage field at a maximum allowable stabilized reservoir pressure of 2,141 psia.

On August 30, 1991, the Applicants and the Commission Staff entered into a settlement agreement, attached as Exhibit A.

As demonstrated in the direct case filed in support of the July 1 application, actual operation of the Eaton Rapids 36 gas storage field has revealed that due to reservoir characteristics, the field may not be able to cycle the design working storage capacity of 12 Billion cubic feet within applicable time constraints at the authorized maximum allowable reservoir pressure of 1,938 psia. After a review of the August 30, 1991 settlement agreement, we find that modifying the November 9, 1989 order to allow a maximum allowable stabilized reservoir pressure of 2,141 psia is reasonable and that the August 30, 1991 settlement agreement is in the public interest and should be approved.

Both Rule 33 of the Commission's Rules of Practice and Procedure, R 460.43, and Section 78 of the APA, MCL 24.278, provide for the disposition of matters by stipulation and agreement. Those provisions do not relieve the Commission of its responsibility to determine whether the stipulation of the parties is in the public interest.

After a review of the settlement agreement in this case, we find it is reasonable and in the public interest and should be approved.

Although the process of settlement involves compromise, the Commission views it as an opportunity for parties to resolve their disputes fairly and expeditiously. A solution devised by the parties themselves is more likely to fit their needs and circumstances. A settlement also conserves the scarce resources of the parties and the Commission. For these reasons, and as long as it can be demonstrated that the public interest is served by a particular settlement, the Commission encourages parties to settle their disputes.

The Commission FINDS:

a. Jurisdiction is pursuant to Section 2, as amended, 1923 PA 238, MCL 486.252; 1919 PA 419, as amended, MCL 460.51 et seq; 1909 PA 300, as amended, MCL 462.2 et seq; 1939 PA 3, as amended, MCL 460.1 et seq; 1969 PA 306, as amended, MCL 24.201 et seq; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11

b. The settlement agreement is reasonable and in the public interest.

c. The November 9, 1989 order in Case No. U-9355 should be amended so as to allow Applicants to operate the Eaton Rapids 36 gas storage field with a maximum allowable stabilized reservoir pressure of 2,141 psia.

d. ANR Eaton Company and SEMCO Gas Storage Company should continue to abide by the gas inventory monitoring and oversight program and groundwater monitoring program as provided in the November 9, 1989 order.

THEREFORE, IT IS ORDERED that:

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

B. The November 9, 1989 order, in Case No. U-9355 is amended so as to allow the operation of the Eaton Rapids 36 gas storage field at a maximum allowable stabilized reservoir pressure of 2,141 pounds-per-square-inch-atmospheric.

C. ANR Eaton Company and SEMCO Gas Storage Company shall continue to abide by the gas inventory monitoring and oversight program and groundwater monitoring program as provided in the November 9, 1989 order.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Steven M. Fetter  
Chairman

( S E A L )

/s/ William E. Long  
Commissioner

/s/ Ronald E. Russell  
Commissioner

By its action of September 25, 1991.

/s/ Dorothy Wideman  
Its Executive Secretary

## S T A T E O F M I C H I G A N

## BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of )  
 ANR Eaton Company and SEMCO Gas )  
 Storage Company for a Certificate of ) Case No. U-9355  
 Public Convenience and Necessity )  
 (Eaton Rapids 36 Gas Storage Field). )  
 \_\_\_\_\_ )

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended MCL 24.278; MSA 3.560(178), and the Rules of Practice and Procedure Before the Commission, Rule 33, R 460.43, ANR Eaton Company and SEMCO Gas Storage Company (collectively referred to as "Applicants") and the Michigan Public Service Commission Staff ("Staff") have reached an agreement and hereby stipulate as follows:

1. On April 3, 1989, Applicants filed an application in Case No. U-9355 with the Michigan Public Service Commission ("Commission") pursuant to Section 2 of 1923 PA 238, as amended MCL 486.252; MSA 22.1672, requesting a certificate of public convenience and necessity for the development and operation of an underground natural gas storage field to be known as the Eaton Rapids 36 Gas Storage Field.

2. Following notice and hearings, on September 25, 1989, Applicants and Staff reached settlement agreeing, among other things, that a certificate of public convenience and

necessity should be issued for the development and operation of the Eaton Rapids 36 Gas Storage Field.

3. On November 9, 1989, the Commission issued its Order Approving Settlement Agreement in Case No. U-9355, granting a certificate of public convenience and necessity to Applicants to develop and operate the Eaton Rapids 36 Gas Storage Field. Moreover, the Commission ordered Applicants to develop and operate the Eaton Rapids 36 gas reservoir as a gas storage field with a maximum allowable reservoir pressure of 1,938 psia.

4. On July 1, 1991, Applicants filed an application in Case No. U-9355 with the Commission requesting a modification of the November 9, 1989 Order by allowing the Eaton Rapids 36 Gas Storage Field to be operated with a maximum allowable stabilized reservoir pressure of 2,141 psia. In support of its request, Applicants filed the direct testimony and exhibits of Michael J. Whims.

5. Actual operation of the Eaton Rapids 36 Gas Storage Field, the first full year of gas injection and withdrawal starting in late March of 1990 and ending March 31, 1991, has revealed that due to reservoir characteristics, the field may not be able to cycle the design working storage capacity of 12 Bcf within applicable time constraints at the maximum allowable reservoir pressure of 1,938 psia.

6. After having reviewed the application and the supporting testimony and exhibits, Staff agrees with Applicants that it is reasonable to revise the November 9, 1989 Order so as to allow the Eaton Rapids 36 Gas Storage Field to be operated with a maximum allowable stabilized reservoir pressure of 2,141 psia. The parties agree that a maximum allowable stabilized reservoir pressure of 2,141 psia is required to achieve the planned cycling capability for the design working storage capacity of 12 Bcf, and that the Eaton Rapids 36 Gas Storage Field may be safely operated at such maximum allowable stabilized reservoir pressure, and will not compromise the safety of the storage field operation or the integrity of the reservoir. Moreover, it is agreed that the Applicants will continue to abide by the gas inventory monitoring and oversight program and groundwater monitoring program as agreed to in the September 25, 1989 Settlement Agreement and as adopted in the November 9, 1989 Order.

7. All parties believe that this Settlement Agreement will promote the public interest, will aid the expeditious conclusion of this case and will minimize the time and expenses which the Commission and the parties would otherwise devote to this matter.

8. The parties join in respectfully requesting that the Commission grant prompt approval. The Staff certifies that

this Settlement Agreement is just, reasonable and in the public interest. Each party agrees not to appeal, challenge, or contest the Commission's order accepting and approving this Settlement Agreement without modification. If the Commission does not accept the Settlement Agreement without modification, it shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purposes whatsoever.

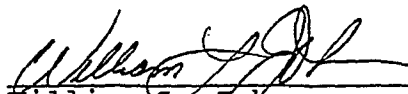
9. This Settlement Agreement and preceding discussions leading up to this settlement are privileged. This Settlement Agreement and order adopting it shall not be cited as precedent or used in any manner for any other purpose in connection with this proceeding or any other proceeding except to verify the contents of this settlement.



10. The parties waive provisions of Section 81 of the  
APA, as amended, MCL 24.281; MSA 24.281.

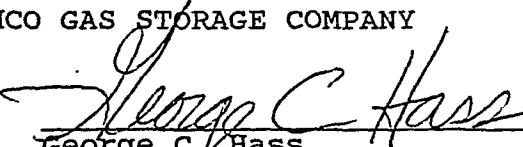
ANR EATON COMPANY

Dated: August 28, 1991

By:   
William L. Johnson  
Vice President & Controller


SEMCO GAS STORAGE COMPANY

Dated: August 29, 1991

By:   
George C. Hass  
President

MICHIGAN PUBLIC SERVICE COMMISSION  
STAFF REPRESENTATIVE

Dated: August 30, 1991

By:   
Mark Nida