

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of	)	
<b>WPS-ESI GAS STORAGE, LLC</b> , for a certificate	)	
of public convenience and necessity to acquire,	)	Case No. U-12209
construct, own, and operate a natural gas storage	)	
facility in Kimball Township, St. Clair County,	)	
and for approval of natural gas storage rates.	)	
_____	)	

At the February 22, 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 APPROVING SETTLEMENT AGREEMENT**

On November 19, 1999, WPS-ESI Gas Storage, LLC, (WPS-ESI) a Wisconsin limited liability company, filed an application, pursuant to the provisions of 1923 PA 238, as amended, MCL 486.251 et seq.; MSA 22.1671 et seq., (Act 238) for a certificate of public convenience and necessity to acquire, construct, own, and operate the proposed Kimball 27 Gas Storage Field (Kimball 27 field) located in Kimball Township, St. Clair County, and for approval of storage service rates. WPS-ESI made a supplemental filing on November 24, 1999 revising various aspects of the supporting testimony and exhibits that were submitted with its initial filing.

Pursuant to due notice, a prehearing conference was held on January 5, 2000 before Administrative Law Judge George Schankler. WPS-ESI and the Commission Staff participated in the proceedings.

In its application, WPS-ESI proposes to convert the depleted Kimball 27 Niagaran gas reservoir, by using existing wells and making necessary improvements, to operate as a small gas storage facility. The reservoir is a Niagaran pinnacle reef approximately 127 acres in size at an average depth of 2,900 feet subsurface, located primarily in Sections 27 and 34, but with small portions in Sections 28 and 33, Kimball Township, St. Clair County. The location is approximately 3 miles west of the City of Marysville.

According to WPS-ESI, improvements necessary to complete and operate the storage field include upgrading the site's two existing wells, connecting existing lines on the site, and constructing a new pipeline (approximately three miles in length) extending south from the field to a point of interconnection with existing gas transmission lines. WPS-ESI asserts that it will make a separate filing for a certificate of public convenience and necessity to construct the connecting pipeline and any facilities outside of the storage boundary.

WPS-ESI further represents that the proposed storage field will be capable of storing 3.514 billion cubic feet (Bcf) of gas at 1,897 pounds per square inch gauge (psig) and to cycle 3.049 Bcf of gas, allowing for 300 psig of base gas. WPS-ESI expects that the field would function well as a peaking gas storage field, providing 30 day service and some base load service using the existing wells. Accordingly, WPS-ESI proposes to provide intrastate storage service subject to Act 238 and other applicable state laws and regulations.

According to WPS-ESI, the proposed storage field boundary covers approximately 230 acres in the SW/4 of Section 27, the NW/4 of Section 34, the SE/4 of Section 28, and the NE/4 of

Section 33, T6N, R16E, Kimball Township, St. Clair County, as shown on the maps accompanying the application. WPS-ESI represents that it has acquired most of the necessary storage and mineral rights within the storage field boundary and that additional rights may be acquired through condemnation if necessary.

WPS-ESI further states that the equipment and pipelines used for the storage project will be constructed and operated in a safe manner to meet or exceed applicable requirements of the Michigan Gas Safety Standards, and it provided testimony and plans detailing additional safety and monitoring measures. The application also included (1) testimony on public benefits and need for the proposed facility, (2) WPS-ESI's proposed storage service rates, and (3) a specific request for rate approval under the Commission's ratemaking authority.

According to the settlement agreement, the Staff has inspected the site and concludes that, based on the inspection and information provided by WPS-ESI, the Commission should grant the application and approve the proposed rates. In reaching that conclusion, the settlement continues, the Staff agrees that WPS-ESI's proposed safety measures and monitoring programs will make the Kimball 27 field safe for operation as a gas storage field.

After reviewing the application, WPS-ESI's supporting testimony and exhibits, and the settlement agreement, the Commission finds that the Kimball 27 field will serve the public convenience and necessity and that the proposed rates are reasonable, subject to the terms and conditions proposed in the application and included in the settlement agreement.

The Commission FINDS that;

a. Jurisdiction is pursuant to Section 2 of 1923 PA 238, as amended, MCL 486.252; MSA 22.1671; 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, 199 AACR, R 460.17101 et seq.;

- b. The settlement agreement is reasonable and in the public interest, and should be approved.
- c. The public convenience and necessity require the acquisition of property or interests in the Kimball 27 field for use as a natural gas storage facility.
- d. If developed and operated as proposed in the application and settlement agreement, the Kimball 27 field will be safe for use as a gas storage facility.
- e. The proposed storage rate tariff, attached to the settlement agreement and designated as Rate Schedule No. 1, is reasonable and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved. Due to the length of the attachments referred to in the settlement agreement, they are contained in the docket file and are made a part of this order by reference.

B. WPS-ESI Gas Storage, LLC, is granted a certificate of public convenience and necessity to acquire, construct, own, and operate a natural gas storage facility in Kimball Township, St. Clair County, as proposed in the application and subject to the terms and conditions of the settlement agreement.

C. WPS-ESI Gas Storage, LLC's proposed natural gas storage rates are approved.

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 February 22, 2000.

/s/ Dorothy Wideman  
Its Executive Secretary

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

---

Chairman

---

Commissioner

---

Commissioner

By its action of February 22, 2000.

---

Its Executive Secretary

In the matter of the application of )  
**WPS-ESI GAS STORAGE, LLC**, for a certificate )  
of public convenience and necessity to acquire, )  
construct, own, and operate a natural gas storage )  
facility in Kimball Township, St. Clair County, )  
and for approval of natural gas storage rates. )  
\_\_\_\_\_ )

Case No. U-12209

Suggested Minute:

“Adopt and issue order dated February 22, 2000 approving the settlement agreement and granting WPS-ESI Gas Storage, LLC, a certificate of public convenience and necessity to develop and operate the proposed Kimball 27 Gas Storage Field in St. Clair County, as set forth in the order.”