ORDER APPROVING SETTLEMENT AGREEMENT

On June 25, 2013, SEMCO Energy Gas Company (SEMCO Gas) filed an application, along with supporting testimony and exhibits, seeking approval to reconcile its gas cost recovery (GCR) revenues and expenses for the 12-month period ended March 31, 2013.

A prehearing conference was held on September 12, 2013, before Administrative Law Judge Mark D. Eyster. At the prehearing conference, the petitions to intervene of the Attorney General and the Residential Ratepayer Consortium were granted. The Commission Staff also participated in the proceeding.

At the March 28, 2014 hearing, settlement was reached on all contested issues. Prior to that time, the parties submitted a partial settlement agreement.

According to the terms of the final settlement agreement, attached as Attachment A, which incorporates the understandings reached in the partial settlement, the parties agree that all
contested issues in this proceeding and including issues relating to the reasonableness of the booked costs of gas incurred by SEMCO Gas for the 12-month period ended March 31, 2013, are resolved.

Further, the parties agree that during the 12-month GCR period ended March 31, 2013, SEMCO Gas overrecovered a net total of $91,713, inclusive of interest, from its gas customers. The parties agree that the net overrecovery should be rolled into the beginning balance for SEMCO Gas’ 2013-2014 GCR reconciliation, pursuant to the Commission-approved standard refund procedures.

After review of the final settlement agreement, the Commission finds that its terms are reasonable, and that its approval is in the public interest. Therefore, the Commission approves the final settlement agreement. The Commission acknowledges that separate approval of the partial settlement agreement is not necessary given the fact that the partial settlement agreement is incorporated into the final settlement agreement.

THEREFORE, IT IS ORDERED that:

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

B. SEMCO Energy Gas Company shall roll the net overrecovery of $91,713 into the beginning balance for its 2013-2014 gas cost recovery reconciliation in accordance with the Commission-approved standard refund procedures.

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.

MICHIGAN PUBLIC SERVICE COMMISSION

________________________________________
John D. Quackenbush, Chairman

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Greg R. White, Commissioner

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Sally A. Talberg, Commissioner

By its action of May 2, 2014.

________________________________
Mary Jo Kunkle, Executive Secretary
STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of )
SEMCO ENERGY GAS COMPANY ) Case No. U-16922-R
for reconciliation of the gas cost recovery plan for )
the 12-month period ending March 31, 2013. )

___________________________________________

FINAL SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or the "Commission"), SEMCO Energy Gas Company ("SEMCO Gas"), Attorney General Bill Schuette ("AG"), Residential Ratepayer Consortium ("RRC") and the MPSC Staff ("Staff") agree as follows:

1. On June 25, 2013, SEMCO Gas filed its Application in this case, along with supporting testimony and exhibits seeking approval to reconcile its Gas Cost Recovery ("GCR") revenues and expenses for the 12-month period ending March 31, 2013.

2. On August 19, 2013, the Commission’s Executive Secretary issued the Notice of Hearing in this case, scheduling a prehearing conference for September 12, 2013, before Administrative Law Judge Mark D. Eyster.

3. At the September 12, 2013 prehearing conference, the petitions to intervene of the AG and the RRC were granted, and a schedule was set.

4. On December 19, 2013, the AG, RRC and Staff each filed testimony and exhibits, and on January 21, 2014, the AG filed revised testimony and exhibits.

6. On March 17, 2014, the parties entered into a Partial Settlement Agreement ("March 17 Partial Agreement"), which is attached hereto as Attachment 1.

7. On March 28, 2014, the parties attended the hearing in this matter and following settlement discussions agreed with ALJ Eyster to bind all prefiled testimony into the record and admit all prefiled exhibits into evidence. The parties also waived cross examination on the basis of having reached final settlement.

8. The March 28 settlement discussions led to the following agreements:
   a. This final settlement agreement incorporates herein by reference, and as attached hereto, the understandings reached in the March 17 Partial Agreement and further resolves on a final basis all contested issues in this case. It is further understood that during the 12-month GCR period ended March 31, 2013, SEMCO Gas over recovered a net total of $91,713, inclusive of interest. The parties agree that the total over recovery of $91,713 should be rolled forward into the beginning balance for SEMCO Gas’ 2013-14 GCR reconciliation pursuant to the Commission approved standards refund procedures.
   b. The parties also agree that the issue regarding SEMCO Gas’ exercise of discretion within the Execution section of the Fixed Price Purchase Guidelines proposed by SEMCO Gas in its 2014-15 GCR plan case, is preserved and will be addressed by the parties in Case No. U-17333.
   c. Finally, SEMCO Gas agrees that in future GCR proceedings should it testify that it relied on Platt’s *Gas Daily* as support for its purchasing decisions, and should discovery requests be made to review the relevant
portion of Platt’s *Gas Daily* for purposes of confirmation, SEMCO Gas will first seek a waiver from copyright restrictions, and permission from, Platt’s *Gas Daily* to distribute prior to responding to the requests.

9. It is the opinion of the signatories hereto that this final settlement agreement is reasonable and prudent. It is further agreed that this final settlement agreement will aid in the expeditious conclusion of this proceeding, and will minimize the expense which would otherwise have to be devoted by the Commission and the parties.

10. This final settlement agreement has been made for the sole and express purpose of reaching a compromise among the positions of the parties, without prejudice to their rights to take the same, new or different positions in other proceedings. It is further understood that all provisions of the final settlement agreement are dependent upon all other provisions. All offers of settlement and discussion relating to this final settlement agreement shall be considered privileged under MRE 408. If the Commission approves this final settlement agreement without modification, neither the parties nor the Commission shall make any reference to or use of this final settlement agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references or use may be made to enforce the final settlement agreement and any order approving it.

11. The terms of this final settlement agreement are not severable. If the Commission does not accept this final settlement agreement without modification this final settlement agreement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.
12. This final settlement agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-16922-R. So long as the Commission approves this final settlement agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this final settlement agreement. Except as otherwise set forth herein, the parties agree and understand that this final settlement agreement does not limit any party’s right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

13. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, as it applies to the issues settled by this final settlement agreement if the Commission approves this final settlement agreement without modification.

Respectfully submitted,

SEMCO ENERGY GAS COMPANY

Sherri A. Wellman

Dated: April 14, 2014

By: ____________________________

Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: April 14, 2014

By: ____________________________

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RESIDENTIAL RATEPAYER CONSORTIUM

David L. Shaltz
Dated: April 14, 2014

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ATTORNEY GENERAL BILL SCHUETTE
Dated: April 14, 2014

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