

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CMS GAS TRANSMISSION COMPANY,)
a Michigan corporation, for a certificate of public)
convenience and necessity authorizing applicant to)
acquire, construct, own, and operate the Kalkaska)
13/35 gas pipeline system in Kalkaska and Bear)
Lake Townships, Kalkaska County, and Enterprise)
Township, Missaukee County, Michigan.)
_____)

Case No. U-15291

At the September 25, 2007 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On May 23, 2007, CMS Gas Transmission Company (CMS) filed an application pursuant to
the provisions of pursuant to 1929 PA 9, as amended, MCL 483.101 *et seq.*, for a certificate of
public convenience and necessity authorizing CMS to acquire, construct, own, and operate the
Kalkaska 13/35 Gas Pipeline System in Kalkaska and Bear Lake Townships, Kalkaska County and
Enterprise Township, Missaukee County, Michigan.

Pursuant to due notice, a prehearing conference was held on July 25, 2007, before
Administrative Law Judge James N. Rigas. CMS and the Commission Staff participated in the
proceedings. Subsequently, the parties entered into a settlement agreement resolving all issues in
the case.

According to the terms of the settlement agreement, attached as Exhibit A, the proposed Kalkaska 13/35 Gas Pipeline System will interconnect CMS's Kalkaska 13/35 compressor station with the Kalkaska 13 and 35 fields and with the existing Consumers Energy Pipelines 2500 and 2600 near Kalkaska, Michigan, interconnect Consumers Energy line 2600 to 2400B and interconnect lines 2500 and 2600 with Great Lakes Gas Transmission. The parties agree that the proposed pipeline system will enable the operation of the Kalkaska 13/35 Gas Storage Project¹ and that the proposed pipeline and related facilities will be constructed, tested, and operated in accordance with the Michigan Gas Safety Standards. Finally, the parties agree that a certificate of public convenience and necessity should be issued to CMS to construct and operate the Kalkaska 13/35 Gas Pipeline System.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 165, MCL 483.151 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, 1999 AC, R 460.1701 *et seq.*
- b. The settlement agreement, attached as Exhibit A, should be approved.
- c. The map, route, and type of construction as described in the record should be approved.
- d. CMS should be granted a certificate of public convenience and necessity authorizing it to construct and operate the Kalkaska 13/35 Gas Pipeline System in Kalkaska and Bear Lake Townships, Kalkaska County and Enterprise Township, Missaukee County, Michigan.

¹The Kalkaska 13/35 Gas Storage Project was approved in an order issued on August 21, 2007 in Case No. U-15254.

THEREFORE, IT IS ORDERED that:

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

B. The Kalkaska 13/35 Gas Pipeline System shall, when constructed, serve the public convenience and necessity.

C. The map, route, and type of construction as described in the record is approved.

D. CMS Gas Transmission Company is granted a certificate of public convenience and necessity authorizing it to construct and operate the Kalkaska 13/35 Gas Pipeline System in Kalkaska and Bear Lake Townships, Kalkaska County and Enterprise Township, Missaukee County, Michigan.

E. Within 60 days after construction, CMS Gas Transmission Company shall file a completion report including pressure test data and a map of the Kalkaska 13/35 Gas Pipeline System as constructed.

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

/s/ Orjiakor N. Isiogu
Chairman

(S E A L)

/s/ Monica Martinez
Commissioner

/s/ Steven A. Transeth
Commissioner

By its action of September 25, 2007.

/s/ Mary Jo Kunkle
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.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of September 25, 2007.

Its Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of CMS)
 Gas Transmission Company, a Michigan)
 corporation, for a Certificate of Public)
 Convenience and Necessity Authorizing)
 Applicant to acquire, construct, own, and) Case No. U-15291
 operate the Kalkaska 13/35 Gas Pipeline)
 System in Kalkaska and Bear Lake Town-)
 ships, Kalkaska County, and Enterprise)
 Township, Missaukee County, Michigan.)
 _____)

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SETTLEMENT AGREEMENT

On May 23, 2007, CMS Gas Transmission Company (“CMS” or “Applicant”) filed an application for a certificate of public convenience and necessity (“Application”) authorizing CMS to acquire, construct, own and operate the Kalkaska 13/35 Gas Pipeline System in Kalkaska and Bear Lake Townships, Kalkaska County and Enterprise Township, Missaukee County, Michigan.

On June 26, 2007, the Michigan Public Service Commission (“Commission”) issued its Notice of Hearing. CMS presented proof of mailing and publication of the Notice of Hearing.

At the July 25, 2007, prehearing, appearances were entered on behalf of CMS and the Commission Staff (“Staff”). The Applicant’s prefiled testimony and exhibits were admitted into the

record by stipulation of the parties. Based on the record and discussions in this matter, the parties have entered into this Settlement Agreement.

This Settlement Agreement is submitted pursuant to Section 78 of 1969 PA 306, MCL 24.278 and Rule 333 of the Commission's Rules of Practice and Procedure, R 460.17333. By this Settlement Agreement, the parties agree and stipulate as follows:

1. Applicant is a Michigan corporation incorporated pursuant to 1923 PA 238, as amended, MCL 486.251 *et seq.*, and 1972 PA 284, MCL 450.1101 *et seq.* Applicant has filed an application to acquire, construct, own and operate the Kalkaska 13/35 Gas Storage Project in Case No. U-15254.

2. The proposed pipeline system will interconnect the applicant's Kalkaska 13/35 compressor station with the Kalkaska 13 and 35 fields and with the existing Consumers Energy Pipelines 2500 and 2600 near Kalkaska, Michigan, interconnect Consumers Energy line 2600 to 2400B and interconnect lines 2500 and 2600 with Great Lakes Gas Transmission. The proposed pipeline system will enable the operation of the Kalkaska 13/35 Gas Storage Project as proposed in Case No. U-15254.

3. The record in this case contains a facility map and details the route of the proposed pipeline system. The proposed pipeline system will be constructed within existing right of way or easements or on State of Michigan land for a majority of its length. The proposed pipeline route was selected over alternative routes because it better balances distances, costs and impacts on affected landowners.

4. The record shows that the proposed pipeline system and related facilities will be constructed, tested and operated in accordance with the Michigan Gas Safety Standards.

5. Applicant has prepared a written environmental impact report (“EIR”) for this project, which is included in the testimony and exhibits in the record. As discussed in the EIR, all necessary permits and clearances required by state and federal agencies have been or will be acquired, and there are no environmental issues related to the proposed pipeline route.

6. The Staff agrees that the proposed project will serve the public convenience and necessity and if constructed and operated as proposed, will be operated in a safe and reliable manner.

7. The parties recommend that the Commission find that the type of construction for the project as described in the record should be approved and that the Commission should find that the project facilities will be constructed, maintained and operated in a manner that meets and satisfies the requirements of the Michigan Gas Safety Standards and applicable Commission rules.

8. This Settlement Agreement is without precedential effect and is intended only for the final disposition of the issues in this proceeding. The parties respectfully request the Commission grant approval of this Settlement Agreement. It is the opinion of the parties that this Settlement Agreement will be in the public interest, aid in the expeditious conclusion of this case and minimize the time and expense which would otherwise have to be devoted to this matter by the Commission and the parties.

9. Each party agrees not to appeal, challenge, or contest the certificate approved by the Commission in this case if it is the result of a Commission order accepting and approving this Settlement Agreement without modification.

10. If the Commission does not accept this Settlement Agreement without modification, this Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

11. The parties agree to waive Section 81 of 1969 PA 306, if the Settlement Agreement is approved by the Commission without modification.

Respectfully submitted,

CMS GAS TRANSMISSION COMPANY

By: _____

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One of its Attorneys

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MICHIGAN PUBLIC SERVICE COMMISSION
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Dated: August 23, 2007