

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of |) | |
| MICHIGAN CONSOLIDATED GAS COMPANY |) | |
| for a reconciliation of its gas cost recovery |) | Case No. U-10915-R |
| revenues and expenses for the 12-month period |) | |
| ended December 31, 1996. |) | |
| _____ |) | |

At the September 30, 1997 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
 Hon. John C. Shea, Commissioner
 Hon. David A. Svanda, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On February 28, 1997, Michigan Consolidated Gas Company (Mich Con) filed an application, with supporting testimony and exhibits, seeking reconciliation of its gas cost recovery (GCR) revenues and expenses for the 12-month period ending December 31, 1996. The application also requested authority to net Mich Con's GCR underrecovery with the balance held in its refund liability account and to recover take-or-pay costs assigned to its end-use transportation customers.

Pursuant to due notice, a prehearing conference was held on April 8, 1997 before Administrative Law Judge Daniel E. Nickerson, Jr. The Commission Staff, Attorney General Frank J. Kelley, the Residential Ratepayer Consortium, and the Association of Businesses Advocating Tariff Equity participated in the proceedings.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, Mich Con experienced a net underrecovery of \$27,796,064, including interest, which was rolled into its 1997 GCR plan. The settlement agreement goes on to state that transportation customers' share of the 1996 McLouth Steel Company (McLouth) refund should be distributed to transportation customers pursuant to Mich Con's historical refund procedures. Finally, the parties agree that transportation customers' respective shares of take-or-pay costs billed to Mich Con during 1996 should be recovered by (1) netting Rate T-1 transportation customers' share of those costs against their 1996 McLouth refund, (2) directly billing Rate T-2 customers that pay Rate T-1 rates for their share of the take-or-pay costs, and (3) reducing Rate T-2 fixed price customers' respective McLouth refunds by the amount of the take-or-pay costs that are assigned to them.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 et seq.; 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.; 1982 PA 304, as amended, MCL 460.6h et seq.; MSA 22.13(6h) 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, 1992 AACS, R 460.17101 et seq.

b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

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

B. Michigan Consolidated Gas Company shall refund McLouth Steel Company revenues to, and shall recover take-or-pay costs from, its transportation customers as provided for in the settlement agreement.

C. Rights to any portion of this refund shall not vest until a refund amount has been credited to a customer's bill or a refund check to a customer or former customer has been negotiated. The company shall file a report regarding the refund in accordance with its 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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

John G. Strand
Chairman

By its action of September 30, 1997.

John C. Shea
Commissioner

Dorothy Wideman
Executive Secretary

David A. Svanda
Commissioner

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

September 30, 1997.

_____ By its action of
Commissioner

Executive Secretary

Commissioner

In the matter of the application of)
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ended December 31, 1996.)
_____)

Case No. U-10915-R

Suggested Minute:

“Adopt and issue order dated September 30, 1997 approving the settlement agreement and authorizing Michigan Consolidated Gas Company to reconcile its gas cost recovery revenues and expenses for calendar year 1996, as set forth in the order.”