

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for authority to revise its rules, regulations, and	)	Case No. U-11645
rate schedules governing the sale and transportation	)	
of natural gas.	)	
_____	)	

In the matter of the application of	)	
<b>MICHIGAN CONSOLIDATED GAS COMPANY</b>	)	Case No. U-12524
for ex parte approval of certain amendments to its	)	
gas transportation tariff.	)	
_____	)	

In the matter of the application of	)	
<b>SEMCO ENERGY, INC.</b> , for ex parte approval of	)	
an amendment to a portion of its gas transportation	)	Case No. U-12538
tariff.	)	
_____	)	

At the September 7, 2001 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**ORDER GRANTING REQUEST TO WITHDRAW PETITION TO REOPEN  
CASE NO. U-11645 AND DENYING PETITIONS TO REOPEN  
CASES NOS. U-12524 AND U-12538**

On July 17, 2000, the Commission granted an application filed by Michigan Consolidated Gas Company (Mich Con) in Case No. U-12524 that requested approval of certain amendments to its rules, regulations, and rate schedules. Among other things, the Commission approved a require-

ment that any of Mich Con's gas transportation customers returning to sales service must provide the utility with a minimum of 12 months' written notice of their election to return to sales rates. In separate orders, similar provisions were made applicable to the gas transportation customers of Consumers Energy Company (Consumers) and SEMCO Energy, Inc., (SEMCO).<sup>1</sup>

On June 14, 2001, Metro Bureau Group Services, Inc., (MBGS), a corporation representing the interests of a consortium of K-12 public school districts, intermediate school districts, community colleges, and universities with regard to the procurement of natural gas, filed a petition to reopen Case No. U-12524. On July 26, 2001, MBGS filed similar petitions to reopen Cases Nos. U-11645<sup>2</sup> and U-12538, which pertain to Consumers and SEMCO, respectively.

According to MBGS, its educational clients faced significant problems in 2000 and 2001 obtaining an adequate supply of affordable natural gas. MBGS maintains that its clients should be afforded greater latitude to switch from transportation service to sales service (and vice versa) than is currently allowed under the utilities' tariff provisions. MBGS states that because schools are limited in their ability to enhance their revenues, it is not in the public interest to force them to divert funds from educational programs to natural gas procurement in the event that gas prices increase above current levels. Moreover, MBGS suggests that its clients are entitled to different treatment because, unlike other customers, school districts do not have the capability of relocating their facilities outside the state. Finally, MBGS states that its clients enjoy an extraordinarily strong creditworthy status.

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<sup>1</sup>See the March 11, 1996 order in Case No. U-10755 (Consumers) and the August 31, 2000 order in Case No. U-12538 (SEMCO).

<sup>2</sup>As pointed out by Consumers, MBGS's challenge to the order in Case No. U-11645 is misplaced because the Commission addressed the minimum notice requirements in its orders in Case No. U-10755.

Based on these considerations, MBGS requests that its educational clients be allowed to switch between transportation and sales service on as little as 30 days' written notice. MBGS also maintains that the schools should be allowed to make such switches twice per year, but not more than four times in any three calendar year period. Further, according to MBGS, a school should be allowed to effectuate a switch if at least 60 days have passed since its most recent switch. Finally, as a further limit, MBGS contends that its clients should not be allowed to switch between transportation and sales service unless the average of *Gas Daily's* most recently published citygate price for the affected utility's large and small end-users is at least 10 percent higher than the utility's system supply gas commodity price.

On June 29, 2001, Mich Con filed an answer to MBGS's petition. Consumers and SEMCO filed similar answers on August 16 and 14, 2001, respectively. In so doing, Mich Con, Consumers, and SEMCO argue that MBGS's petitions to reopen are procedurally and substantively flawed. According to them, Rule 401 of the Commission's Rules of Practice and Procedure, R 460.17401, requires that a petition to reopen must be filed within the time permitted for the filing of a petition for rehearing, which is 30 days after service of the Commission's order. Because MBGS did not file its petitions until months or years after service of the Commission's orders in Cases Nos. U-11645, U-12524, and U-12538, Mich Con, Consumers, and SEMCO insist that MBGS's filings are untimely and should be rejected.

Mich Con, Consumers, and SEMCO also argue that the relief requested in the petitions would radically change their gas transportation tariffs by permitting schools to switch between sales and transportation service on as little as 30 days' notice, which would adversely affect their ability to plan and purchase gas supplies. According to them, the tariff revisions proposed by MBGS would place the risk of market price shifts on the utilities and the rest of their customers. Finally, they

argue that MBGS lacks standing to intervene in these proceedings and that these proceedings are inappropriate forums for the relief sought by MBGS.

On August 30, 2001, MBGS filed a request to withdraw its petition to reopen Case No. U-11645.

The Commission finds that MBGS's request to withdraw its petition to reopen Case No. U-11645 should be granted. However, the Commission is persuaded that MBGS's petitions to reopen Cases Nos. U-12524 and U-12538 should be denied because the petitions were filed well after the time permitted by the Commission's rules.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; 1919 PA 419, as amended, MCL 460.51 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, as amended, 1992 AACS, R 460.17101 et seq.

b. The request to withdraw the petition to reopen Case No. U-11645 filed by MBGS should be granted.

c. The petitions to reopen Cases Nos. U-12524 and U-12538 filed by MBGS should be denied.

THEREFORE, IT IS ORDERED that:

A. The request to withdraw the petition to reopen Case No. U-11645 filed by Metro Bureau Group Services, Inc., is granted.

B. The petitions to reopen Cases Nos. U-12524 and U-12538 filed by Metro Bureau Group Services, Inc., are denied.

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/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of September 7, 2001.

/s/ Dorothy Wideman  
Its Executive Secretary

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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

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Suggested Minute:

“Adopt and issue order dated September 7, 2001 granting the request filed by Metro Bureau Group Services, Inc., to withdraw its petition to reopen Case No. U-11645 and denying its petitions to reopen Cases Nos. U-12524 and U-12538, as set forth in the order.”