

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
MICHIGAN GAS UTILITIES for approval)
of transportation standards of conduct and)
related compliance complaint procedures.)
_____)

Case No. U-11648

At the June 5, 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

OPINION AND ORDER

On February 9, 2000, the Commission issued an order approving gas transportation standards of conduct for Michigan Gas Utilities (MGU). The order required the company to file an implementation plan within 30 days. MGU filed its implementation plan and a petition for rehearing on March 10, 2000. The Commission issued an order on April 24, 2000 clarifying the prior order.

The Commission Staff (Staff) met with MGU for several months about the implementation plan, but has been unable to resolve its concerns. The Staff therefore notified the Commission on May 16, 2001 that it continues to believe that the implementation plan is not consistent with the order. The Staff has concerns with the separation between MGU's operating employees and the operating employees of its marketing affiliate because MGU's regulated and non-regulated

marketing and gas supply operations report to the same vice president. It also has concerns with MGU's provision of billing and other services to an affiliate. The Staff recommends that the Commission require MGU to show how its implementation plan is consistent with the approved standards of conduct.

The Commission concludes that the Staff's concerns merit further investigation and that further discussion is unlikely to resolve the issues. The Commission therefore directs MGU to demonstrate that its implementation plan is consistent with the approved standards of conduct with respect to the separation of operating employees and the provision of billing and other services to an affiliate.

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.; 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. MGU should be required to demonstrate that its implementation plan is consistent with the approved standards of conduct.

THEREFORE, IT IS ORDERED that:

A. Michigan Gas Utilities shall file, within 30 days, testimony demonstrating that its implementation plan is consistent with the approved standards of conduct with respect to the separation of operating employees and the provision of billing and other services to an affiliate.

B. A prehearing conference shall be held on July 16, 2001 at 9:00 a.m. at the Commission's offices.

The Commission reserves jurisdiction and may issue further orders as necessary.

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 June 5, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

B. A prehearing conference shall be held on July 16, 2001 at 9:00 a.m. at the Commission's offices.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of June 5, 2001.

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated June 5, 2001 requiring Michigan Gas Utilities to demonstrate that its implementation plan is consistent with the standards of conduct that the Commission approved for it in this docket, as set forth in the order.”