

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
MICHIGAN GAS UTILITIES for authority to)	Case No. U-12617
implement a gas cost recovery plan and factors)	
for calendar 2001.)	
_____)	

At the August 16, 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 September 29, 2000, Michigan Gas Utilities (MGU) filed an application, with supporting testimony and exhibits, requesting approval of its gas cost recovery (GCR) plan and factors for the 12-month period ending December 2001. MGU self-implemented its proposed GCR factor of \$5.95 per thousand cubic feet (Mcf) beginning in January 2001.

Pursuant to due notice, a prehearing conference was held on October 30, 2000 before Administrative Law Judge Daniel E. Nickerson, Jr. MGU, Attorney General Jennifer M. Granholm, the Residential Ratepayer Consortium, and the Commission Staff participated in the proceedings.

On February 2, 2001, MGU filed a revised GCR plan and requested a temporary order approving a revised GCR factor of \$6.84 per Mcf commencing in March and continuing through the remaining months of the plan year. On April 17, 2001, the Commission issued an order authorizing MGU to implement a revised GCR factor of \$6.84 per Mcf.

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

According to the settlement agreement, attached as Exhibit A, the parties agree that MGU should be permitted to charge a GCR factor of up to \$6.84 per Mcf during the balance of 2001, subject to the quarterly ceiling adjustment set forth in the settlement agreement. The parties agree also that MGU will change its design day estimating process for GCR customer usage and increase both the amount of gas taken from storage and the volume of gas obtained under fixed price contracts, as described in the settlement agreement.

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 AACRS, 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 Gas Utilities is authorized to incorporate into its rates a gas cost recovery factor of up to \$6.84 per thousand cubic feet for the billing months of July through December 2001, subject to the quarterly ceiling adjustment set forth in the settlement agreement.

C. Michigan Gas Utilities shall file with the Commission, within 30 days, tariff sheets consistent with this order.

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/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of August 16, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

B. Michigan Gas Utilities is authorized to incorporate into its rates a gas cost recovery factor of up to \$6.84 per thousand cubic feet for the billing months of July through December 2001, subject to the quarterly ceiling adjustment set forth in the settlement agreement.

C. Michigan Gas Utilities shall file with the Commission, within 30 days, tariff sheets consistent with this order.

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

Chairman

Commissioner

Commissioner

By its action of August 16, 2001.

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated August 16, 2001 approving the settlement agreement and authorizing Michigan Gas Utilities to implement its gas cost recovery plan and factor for calendar year 2001, as set forth in the order.”