

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
MICHIGAN CONSOLIDATED GAS COMPANY)	
for approval of a gas cost recovery plan, five-year)	Case No. U-13060
forecast, and monthly gas cost recovery factor for)	
calendar year 2002.)	
_____)	

At the July 10, 2002 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 December 20, 2001, the Commission issued an order authorizing Michigan Consolidated Gas Company (Mich Con) to implement temporary gas cost recovery factors (GCR) of \$3.62 per thousand cubic feet (Mcf) for the January 2002 billing month and no more than \$4.38 per Mcf for the remaining months of the 2002 plan year. Additionally, the Commission adopted Mich Con's proposal that it be permitted to record a regulatory asset for the difference between \$4.38 and \$3.62 times the December 2001 unbilled volumes. The Commission stated it intended to maintain the status quo with regard to the unbilled revenue issue and that its determination of a temporary factor was not indicative of a predetermination of either the reasonableness and prudence of Mich Con's GCR plan or the unbilled revenues issue. The Commission stated that its decision would place Mich Con in the same position it would have been, absent a temporary order.

On January 16, 2002, Attorney General Jennifer M. Granholm (Attorney General) filed a petition for rehearing concerning the portion of the order that permits Mich Con to record a regulatory asset.

On February 6, 2002, the Residential Ratepayer Consortium (RRC) and Mich Con each filed a response to the Attorney General's petition. The RRC supports the Attorney General's petition. Mich Con opposes it.

Rule 403 of the Commission's Rules of Practice and Procedure, 1992 AACRS, R 460.17403, provides that a petition for rehearing may be based on claims of error, newly discovered evidence, facts or circumstances arising after the hearing, or unintended consequences resulting from compliance with the order. A petition for rehearing is not merely another opportunity for a party to argue a position or to express disagreement with the Commission's decision. Unless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

The Commission finds that it should grant rehearing of the December 20, 2001 order and remand two issues to the ALJ for further evidence and argument. First, the parties should address the manner in which Mich Con implemented the December 20, 2001 order and the effect that implementation had on the Commission's primary concern, rate shock to Mich Con's customers. Second, the parties should address the advisability and lawfulness of granting Mich Con's request to record a regulatory asset for the difference between its proposed factor and the temporary factor times the December 2001 unbilled volumes.

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 AACRS, R 460.17101 et seq.

b. Rehearing of the December 20, 2001 order should be granted.

c. The parties should be permitted an opportunity to present evidence and arguments on the issues described in this order.

THEREFORE, IT IS ORDERED that rehearing of the December 20, 2001 order is granted and this matter is remanded to the ALJ for further argument and evidence concerning the issues described in this order.

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 July 10, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. Rehearing of the December 20, 2001 order should be granted.

c. The parties should be permitted an opportunity to present evidence and arguments on the issues described in this order.

THEREFORE, IT IS ORDERED that rehearing of the December 20, 2001 order is granted and this matter is remanded to the ALJ for further argument and evidence concerning the issues described in this order.

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

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of July 10, 2002.

Its Executive Secretary

In the matter of the application of)
MICHIGAN CONSOLIDATED GAS COMPANY)
for approval of a gas cost recovery plan, five-year)
forecast, and monthly gas cost recovery factor for)
calendar year 2002.)
_____)

Case No. U-13060

Suggested Minute:

“Adopt and issue order dated July 10, 2002 granting rehearing of the Commission’s December 20, 2001 order and remanding two issues to the Administrative Law Judge for further evidence and argument, as set forth in the order.”