

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 authority to extend the filing deadline for its)	Case No. U-13599
depreciation rate case and supporting study until)	
the filing of its next general rate case.)	
_____)	

At the February 20, 2003 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 EXTENSION

In its December 19, 1997 order in Case No. U-11222, the Commission approved depreciation rates for Michigan Consolidated Gas Company (Mich Con). The Commission further directed Mich Con to file its next depreciation rate case, supported by a depreciation study, on or before October 31, 2002.

On October 24, 2002, Mich Con filed an application requesting an extension of time to file the depreciation rate case and study required by the Commission's order in Case No. U-11222.

Mich Con's application states that the Commission found the depreciation rates approved in Case No. U-11222 to be reasonable. The application also states that, according to an affidavit submitted by Paul D. Geick, Director and Strategic Business Unit Controller for Mich Con's parent company, DTE Energy, Mich Con recently performed a general study of its plant balances

and concluded that a complete depreciation study would not yield a material change in any of the depreciation rates approved in Case No. U-11222. Furthermore, the application points out that even if a detailed depreciation study were done, it would not have an immediate effect because the company does not have any plans to file for an increase in its base rates in the near future.

On December 20, 2002, Attorney General Jennifer M. Granholm filed a response in opposition to the application.¹

The Commission has no basis for doubting Mich Con's representation that a recent general study of its plant balances indicates that a complete depreciation study would not yield a material change in the depreciation rates approved in Case No. U-11222. The Commission will therefore approve a request for a delay in filing a depreciation rate case until the filing of Mich Con's next general rate case or January 1, 2006, whichever occurs first.

The Attorney General's objections do not provide a basis for denying the application. For the most part, the Attorney General objects to the fact that the depreciation rates approved in Case No. U-11222 have not yet been reflected in rates, a fact that will not be changed by denying or approving the request for an extension. Further, the Commission has not granted Mich Con's request that the filing be delayed indefinitely until the filing of its next general rate case. On the other hand, the Attorney General remains free to propose adjustments in the next rate case as appropriate to reflect Mich Con's delay in filing for approval of new depreciation rates.

Mich Con should not interpret approval of its request for an extension as approval for its manner of handling the request. Mich Con has known for nearly five years that a depreciation study was due on or before October 31, 2002, yet it waited until a mere seven days before the deadline to file a request for an extension. Further, because its application requests a six-month

¹ On January 1, 2003, Michael A. Cox was sworn in as Attorney General.

extension if the Commission orders it to file a depreciation study, it implicitly acknowledges that it was not prepared to file a depreciation study in compliance with the Commission's prior order and also that it has known for approximately six months that it would not be prepared to do so even if the Commission were to deny its request. Mich Con should not assume that its failure to adhere to basic regulatory requirements in this and other respects will be without consequence.

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 AACCS, R 460.17101 et seq.

b. Mich Con's request to extend the deadline for filing its depreciation rate case and study until it files its next general rate case is reasonable and should be approved with the proviso that the filing should occur no later than January 1, 2006.

c. The public interest will be adequately protected without the time and expense of a public hearing.

THEREFORE, IT IS ORDERED that Michigan Consolidated Gas Company's deadline for filing its depreciation rate case and supporting depreciation study shall be extended to the date upon which it files its next general rate case or January 1, 2006, whichever occurs first.

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 February 20, 2003.

/s/ Dorothy Wideman
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated February 20, 2003 approving the request of Michigan Consolidated Gas Company to extend the deadline for filing its depreciation rate case and its supporting depreciation study until the filing of its next general rate case, as set forth in the order.”