

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission’s own motion,)	
to establish uniform terms and conditions for the)	
provision of voluntary gas customer choice)	Case No. U-12550
programs offered in Michigan.)	
_____)	

At the December 21, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

ORDER TEMPORARILY WAIVING FILING REQUIREMENT

In its July 11, 2001 order in Case No. U-12550, the Commission required every gas utility subject to its jurisdiction to file an unbundled cost of service allocation study prior to or with the filing of its next general rate case, but in no event later than January 1, 2005. The express purpose of this required study was to aid in the task of determining which additional local distribution company services should be unbundled from utility rates. All gas utilities in Michigan have complied with this requirement, except Northern States Power Company, d/b/a Xcel Energy (Xcel), and Peninsular Gas Company (Peninsular). Xcel and Peninsular have each asked to be relieved of their filing requirement until the filing of their next natural gas general rate case.

Subsequent to the issuance of the Commission’s order in Case No. U-12550, Consumers Energy Company (Consumers) filed an unbundled cost of service study in Case No. U-13000. This study did not compute specific “back-out credits” for services that might conceivably be

offered by alternative suppliers, because in Consumers' and the Commission Staff's view, it was not prudent to calculate how much to reduce bundled service rates until such time as the precise nature of the alternative service was known. The Commission agreed, and stated at page 67 of the November 7, 2002 order in Case No. U-13000 that:

The Commission finds that NEMA's [National Energy Marketers' Association] proposals should not be adopted at this time. As pointed out by Consumers and the Staff, it makes little sense to establish a rate for a service before the details of the service are known. To do so is to inform potential alternative suppliers of contested services of the price to beat before they design the services to be offered to customers. The Commission finds that cream skimming would be the likely result, with no assurance of any real benefit to the public.

Order, Case No. U-13000, p. 67.

No alternative service provider has offered any of the seven competitive services contemplated in the July 11, 2001 order in Case No. U-12550 in Xcel's or Peninsular's service territory. Therefore, the Commission will temporarily waive the unbundled cost of service allocation study filing requirement for Xcel and Peninsular, until such time as an alternative service provider offers a new competitive service in those utilities' service territories, or the companies file their next general rate case, whichever occurs first.

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, 1999 AC, R 460.17101 et seq.
- b. The requests of Xcel and Peninsular to temporarily waive the unbundled cost of service allocation study filing requirement should be granted.

THEREFORE, IT IS ORDERED that the requests of Northern States Power Company, d/b/a Xcel Energy, and Peninsular Gas Company to temporarily waive the unbundled cost of service allocation study filing requirement are granted.

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/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of December 21, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

THEREFORE, IT IS ORDERED that the requests of Northern States Power Company, d/b/a Xcel Energy, and Peninsular Gas Company to temporarily waive the unbundled cost of service allocation study filing requirement are granted.

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MICHIGAN PUBLIC SERVICE COMMISSION

Chair

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By its action of December 21, 2004.

Its Executive Secretary