

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 <i>ex parte</i> approval to eliminate the five-year)	Case No. U-15457
storage contract term limitation.)	
_____)	

At the December 4, 2007 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

OPINION AND ORDER

On November 6, 2007, Michigan Consolidated Gas Company (Mich Con) filed an application for approval to eliminate the five-year storage contract term limit contained in Mich Con’s current tariff sheets F-25.00 and F-27.00. These tariff sheets apply to the sale of gas storage service to third parties. This five-year contract term limitation was approved in Case No. U-10150 and was not changed in Case No. U-13898.

With the current tariff language, Mich Con claims that it cannot assure potential third-party storage customers that storage service will be available beyond a five-year contract term, thus making the marketing of Mich Con’s storage services more difficult. By eliminating the five-year limitation and increasing the availability of longer term gas storage services, Mich Con argues that it can offer to its third-party customers options that are more closely aligned with their critical investments in infrastructure and new power generation in Michigan.

According to Mich Con, the utility and its full service retail customers will also benefit from this tariff change by increasing the reliability of gas storage revenues through a balanced portfolio of long and short term contracts, which will in turn help to mitigate potential increases in rates and assure Mich Con of a reasonable opportunity to earn its authorized rate of return during the general rate filing moratorium. Mich Con maintains that approval of this application will not result in an increase in the cost of service or in the current rates that it charges its customers.

The Commission finds that Mich Con's request to eliminate the five-year storage contract term, as described in this application and as shown in Attachment A to this order, is reasonable and finds that *ex parte* approval is appropriate. The Commission further advises Mich Con that it should achieve a balanced portfolio so as to mitigate risks to its customers.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, MCL 462.2 *et seq.*; 1919 PA 419, MCL 460.51 *et seq.*; 1939 PA 3, MCL 460.1 *et seq.*; 1969 PA 306, 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17101 *et seq.*

b. Mich Con's request to revise its tariff sheets to eliminate the five-year storage contract term should be approved.

c. Mich Con should file, within 30 days, tariff sheets consistent with those approved in this order and shown in Attachment A.

d. *Ex parte* approval is appropriate.

THEREFORE, IT IS ORDERED, that

A. Michigan Consolidated Gas Company's application requesting authority to eliminate the five-year storage contract term is approved.

B. Michigan Consolidated Gas Company shall file, within 30 days, tariff sheets consistent with those approved in this order and shown in Attachment A.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Orjiakor N. Isiogu
Chairman

(S E A L)

/s/ Monica Martinez
Commissioner

/s/ Steven A. Transeth
Commissioner

By its action of December 4, 2007.

/s/ Mary Jo Kunkle
Its Executive Secretary

B. Michigan Consolidated Gas Company shall file, within 30 days, tariff sheets consistent with those approved in this order and shown in Attachment A.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of December 4, 2007.

Its Executive Secretary

Rate Schedule CS-F

Applicable to all Districts

CONTRACT STORAGE RATE-FIRM

Availability:

This Rate Schedule is available to all entities desiring firm storage service to the extent that:

- (a) Company has determined that it has sufficient available and uncommitted storage capacity to perform the service requested by the entity; and
- (b) Customer is required to sign a Contract, limited as to time, which must be approved and executed by the President or a Vice President of Company, or a designated representative, before it shall be binding upon Company.

Characteristics of Service:

Any rates, terms and conditions not covered by the Tariff shall be as contained in the Contract.

Gas in Kind:

Fuel for injection of 1.42% shall be paid for by Gas-in-Kind.

Rates:

The Storage Charge shall be a rate not to exceed \$1.47 per MMBtu, consisting of a demand portion and a commodity portion, as provided by Contract.

Late Payment Charge and Due Date:

A late payment charge of 2% shall be applied to the unpaid balance outstanding if the bill is not paid in full on or before the date on which the bill is due. The due date of Customer's bill shall be 21 days from the date of mailing.

(Continued on [Sheet No. F-26.00](#))

ISSUED _____, 2007
BY D. G. BRUDZYNSKI
VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

EFFECTIVE FOR GAS SERVICE
RENDERED ON AND AFTER

ISSUED UNDER AUTHORITY OF THE
MICHIGAN PUBLIC SERVICE COMM.
DATED _____
IN CASE NO. U-_____

Rate Schedule CS-I

Applicable to all Districts

CONTRACT STORAGE RATE-INTERRUPTIBLE

Availability:

This Rate Schedule is available to all entities desiring interruptible storage service to the extent that:

- (a) Company has determined that it has sufficient available and uncommitted storage capacity to perform the service requested by the entity; and
- (b) Customer is required to sign a Contract, limited as to time, which must be approved and executed by the President or a Vice President of Company, or a designated representative, before it shall be binding upon Company.

Characteristics of Service:

Any rates, terms and conditions not covered by the Tariff shall be as contained in the Contract.

On any Gas Day, gas that is nominated to Company for injection or withdrawal is subject to interruption at the sole discretion of Company.

Gas in Kind:

Fuel for injection of 1.42% shall be paid for by Gas-in-Kind.

Rates:

The Storage Charge shall be a rate not to exceed \$1.47 per MMBtu, consisting of a demand portion and a commodity portion, as provided by Contract

Late Payment Charge and Due Date:

A late payment charge of 2% shall be applied to the unpaid balance outstanding if the bill is not paid in full on or before the date on which the bill is due. The due date of Customer's bill shall be 21 days from the date of mailing.

(Continued on [Sheet No. F-28.00](#))

ISSUED _____, 2007
BY D. G. BRUDZYNSKI
VICE PRESIDENT
REGULATORY AFFAIRS

DETROIT, MICHIGAN

EFFECTIVE FOR GAS SERVICE
RENDERED ON AND AFTER

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DATED _____
IN CASE NO. U-_____