

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>MICHIGAN CONSOLIDATED GAS</b>	)	
<b>COMPANY</b> for a gas cost recovery	)	Case No. U-15042-R
reconciliation proceeding for the 12-months	)	
ended March 31, 2008.	)	
_____	)	

At the July 1, 2009 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

**ORDER APPROVING SETTLEMENT AGREEMENT**

On June 30, 2008, Michigan Consolidated Gas Company (Mich Con) filed an application, with supporting testimony and exhibits, seeking a reconciliation of its gas cost recovery (GCR) revenues and expenses for the 12-month period ended March 2008.

A prehearing conference was held on August 27, 2008, before Administrative Law Judge Daniel E. Nickerson, Jr. Mich Con, Attorney General Michael A. Cox, the Residential Ratepayer Consortium, the Michigan Community Action Agency Association, and the Commission Staff participated in the proceeding. Subsequently, the parties filed a settlement agreement resolving all issues in this case.

According to the terms of the settlement agreement, attached as Exhibit A, for the 12-month period ending March 31, 2008, Mich Con’s GCR revenues of \$1,147,227,618, its GCR cost of gas

sold of \$1,150,773,062, \$9,320,988 underrecovery, \$63,569 of penalties and fees, and \$3,304,955 interest expense from 2007-08 GCR plan year result in a net underrecovery of \$9,625,045<sup>1</sup> that was incurred through reasonable and prudent actions. The parties further agree that this amount should be charged to customers using the roll-in method set forth in Rule C7.2 C. of Mich Con's Tariff.

The Commission has reviewed the settlement agreement and has determined that it 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 Consolidated Gas Company shall roll forward the net underrecovery of \$9,625,045 into the beginning balance for the company's 2008-2009 gas cost recovery reconciliation, Case No. U-15701-R, in accordance with the roll-in method set forth in Rule C7.2 C. of the company's Tariff.

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

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<sup>1</sup>Paragraph 3A of the settlement agreement contains a typographical error that expresses the total underrecovered amount as "\$9,625,045 million." The correct amount is stated in the order.

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

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of July 1, 2009.

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Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of )  
 Michigan Consolidated Gas Company )  
 for a Gas Cost Recovery Reconciliation )  
 proceeding for the 12 months ending )  
March 31, 2008 )

Case No. U-15042-R

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or “Commission”), Michigan Consolidated Gas Company (“MichCon ” or the “Company”), the Commission Staff (“Staff”), Attorney General Michael A. Cox (“AG”), the Residential Ratepayer Consortium (“RRC”), and the Michigan Community Action Agency Association (“MCAAA”) agree as follows:

1. As required by MCL 460.6h et. seq. (“Act 304”) on June 30, 2008, MichCon filed an application, with supporting testimony and exhibits seeking a reconciliation of its Gas Cost Recovery (“GCR”) revenues and expenses for the 12-month period April 2007 - March 2008. The Company filed testimony and exhibits in support of its positions concurrently with its application.

2. The initial prehearing conference in this case was held on August 27, 2008, before Administrative Law Judge Daniel E. Nickerson Jr. The Parties subsequently agreed to an extension of the original case schedule by approximately 2 months. On March 20, 2009 pursuant to the new case schedule, the AG and RRC filed their testimony and exhibits, and MichCon filed its rebuttal testimony on April 17, 2009. After the prehearing and before the date scheduled for hearing, the Parties engaged in settlement discussions.

3. As a result of settlement discussions, the Parties have reached agreement on all of the issues before the Commission in this case and for purposes of settlement agree as follows:

A. For the twelve-month period ending March 31, 2008, MichCon's GCR revenues of \$1,147,227,618, its GCR Cost of Gas Sold of \$1,150,773,062, \$9,320,988 underrecovery, \$63,569 of penalties and fees, and \$3,304,955 interest expense from 2007-08 GCR combine to result in a net underrecovery of \$9,625,045 million that was incurred through reasonable and prudent actions;

B. The calculated amount of MichCon's under recovery, together with interest, is correct, and that the disposition of that amount is consistent with the intent and in accordance with the guidelines established by the Commission in its Orders; and

C. The parties agree that this amount should be charged to customers using the roll-in methodology set forth in Rule C7.2 C. of MichCon's Tariff.

4. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the positions of the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement, and the order approving it.

5. This Settlement Agreement is based on the facts and circumstances of this case and is intended for formal disposition of Case No. U-15042-R. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth herein, the parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or related appeals.

6. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

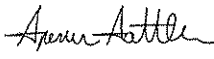
7. The Staff certifies this Agreement is reasonable and in the public interest.

8. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

9. This Agreement may be executed in multiple counterparts.

WHEREFORE, the undersigned parties respectfully request the Commission approve this Settlement Agreement and make it effective in accordance with its terms by final order.

**MICHIGAN PUBLIC SERVICE  
COMMISSION STAFF**

By:  2009.05.26  
15:29:20 -04'00'  
Spencer Sattler (P70524)  
Assistant Attorney General  
Public Service Division  
6545 Mercantile Way Suite 15  
Lansing, Michigan 48911

Dated: \_\_\_\_\_, 2009

**MICHIGAN CONSOLIDATED GAS  
COMPANY**

By: Richard P. Middleton  
Its Attorney  
Richard P. Middleton (P41278)  
One Energy Plaza, WCB 688  
Detroit, Michigan 48226

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Energy, ou=Legal - Regulatory Affairs,  
email=rmiddleton@dteenergy.com, c=US  
Date: 2009.05.26 11:58:42 -04'00'

Dated: May 26, 2009

**MICHIGAN ATTORNEY GENERAL**

By: \_\_\_\_\_  
Michael E. Moody (P51985)  
Assistant Attorney General  
P. O. Box 30212  
Lansing, MI 48909

Dated: \_\_\_\_\_, 2009

**MICHIGAN COMMUNITY ACTION  
AGENCY ASSOCIATION (MCAAA)**

By: Don L. Keskey  
Don L. Keskey (P23003)  
Clark Hill PLC  
212 E. Grand River Avenue  
Lansing, MI 48906

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Dated: \_\_\_\_\_, 2009

**THE RESIDENTIAL RATE PAYER  
CONSORTIUM (RRC)**

By: \_\_\_\_\_  
David L. Shaltz (P29330)  
2270 Jolly Oak Road, Suite 2A  
Okemos, MI 48864

Dated: \_\_\_\_\_, 2009

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6545 Mercantile Way Suite 15  
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Dated: \_\_\_\_\_, 2009

**MICHIGAN CONSOLIDATED GAS  
COMPANY**

Richard P.  
By: Middleton  
Its Attorney  
Richard P. Middleton (P41278)  
One Energy Plaza, WCB 688  
Detroit, Michigan 48226

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*Michael E. Moody*  
By: \_\_\_\_\_  
Michael E. Moody (P51985)  
Assistant Attorney General  
P. O. Box 30212  
Lansing, MI 48909

Michael Moody  
2009.06.03  
11:06:34 -04'00'

Dated: \_\_\_\_\_, 2009

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Dated: \_\_\_\_\_, 2009

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