

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**MICHIGAN GAS UTILITIES CORPORATION** )  
for authority to implement a gas cost recovery plan ) Case No. U-16481  
and factors for the 12-month period ending )  
March 31, 2012. )  
\_\_\_\_\_ )

In the matter of the application of )  
**MICHIGAN GAS UTILITIES CORPORATION** )  
for approval to implement a Reservation Charge ) Case No. U-16513  
applicable to Gas Choice Customers. )  
\_\_\_\_\_ )

At the January 26, 2012 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman  
Hon. Orjiakor N. Isiogu, Commissioner  
Hon. Greg R. White, Commissioner

**ORDER**

On December 29, 2010, pursuant to 1982 PA 304, MCL 460.6h *et seq.*, Michigan Gas Utilities Corporation (MGUC) filed an application in Case No. U-16481, with supporting testimony and exhibits, requesting approval of its gas cost recovery (GCR) plan and factors for the 12-month period ending March 31, 2012. On December 29, 2010, MGUC also filed an application in Case No. U-16513, with supporting testimony and exhibits, seeking authority to implement a reservation charge applicable to both GCR customers and gas customer choice (GCC) customers.

At a prehearing conference held on February 15, 2011 in Case No. U-16481, Administrative Law Judge Dennis W. Mack (ALJ) granted leave to intervene to the Department of the Attorney General (Attorney General) and the Residential Ratepayer Consortium (RRC). The Commission Staff (Staff) also participated in the proceeding. At the March 16, 2011 prehearing conference in Case No. U-16513, the ALJ granted petitions to intervene filed by the Attorney General and the Michigan Gas Customer Choice Association<sup>1</sup> (MGCCA), and granted a motion for consolidation of the two cases. Thereafter, all filings were made in Case No. U-16481.

Evidentiary hearings were held on July 18-19, 2011, and witnesses were cross-examined. Thereafter, the parties filed briefs and reply briefs, and the ALJ issued a proposal for decision (PFD) on November 22, 2011. The record consists of 657 pages of testimony and 59 exhibits.

Despite the lengthy record, there is substantial agreement among the parties to the case. No party disputed that the plan and five-year forecast filed by MGUC are compliant with the dictates of MCL 460.6h(3), (4), and (7). The company projects a total GCR supply of 11,944,525 thousand cubic feet (Mcf) during the plan period. Supply will come primarily through existing agreements, with the remainder from direct purchases and storage withdrawal. Exhibit A-9. The cost of obtaining the total projected supply is approximately \$84.7 million. Exhibit A-7. MGUC proposes a base GCR factor of \$7.0891 per Mcf for the plan period, and the company has been applying this factor since the plan period commenced on April 1, 2011. The primary issue of contention in the case is the reservation charge. If MGUC's proposed \$0.8104 per Mcf reservation charge is approved, the base GCR factor will be reduced to \$6.6938 per Mcf. Exhibit A-1, p. 2.

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<sup>1</sup>MGCCA's membership consists of Lakeshore Energy Services, LLC. MGCCA petition to intervene, p. 1; 4 Tr 82.

## Proposal for Decision

During the proceeding, the Attorney General argued that the company should be required to review and respond to changing circumstances and update its GCR forecast during the plan period, in order to minimize the potential for over- and underrecoveries at year end. The ALJ found that, because the company sets the monthly GCR factor by the 15<sup>th</sup> of the preceding month “utilizing audited sales figures from 2 months earlier, the process suggested by [the Attorney General’s witness] would not achieve the results he suggests. Therefore, the AG’s request to institute some manner of a formal process to respond to changing circumstances is rejected.” PFD, p. 8 (citation omitted).

The ALJ then turned to the issue of the proposed reservation charge. MGUC must serve as supplier of last resort (SOLR) to GCC customers, which means that the company must secure and hold in reserve storage, supply, and pipeline capacity sufficient to meet this obligation. Currently, GCR customers pay all of MGUC’s capacity charges. The proposed reservation charge will rectify this problem by including GCC customers in the recovery of the costs associated with the SOLR obligation. Adoption of the reservation charge would allow the company to drop the balancing charge of \$0.42 per Mcf currently charged to GCC customers. MGUC arrived at the proposed \$0.8014 per Mcf reservation charge by dividing net demand/supply reservation costs (\$14,239,325) by total sales and GCC volumes (17,767,280 Mcf). Exhibit A-21; 5 Tr 224. The sales forecast is based on the 30-year normalized forecast approved in the company’s most recent general rate case, Case No. U-15990. MGUC proposes to true-up the reservation charge in its annual GCR reconciliation proceedings, and to adjust the amount of the charge annually to reflect capacity costs. 5 Tr 224.

All parties agreed on the imposition of a reservation charge on GCR and GCC customers, and the RRC supported the company's proposed amount. The other parties proposed alternative amounts, but no party took exception to the ALJ's recommendation that the Commission adopt the amount proposed by MGUC, which the ALJ found to reflect the simplest and fairest method of allocating this cost. Based on this recommendation, the ALJ found that the company's GCR factor should be set at \$6.6938 per Mcf for the plan period. The ALJ recommended that the reservation charge be reflected as a separate line item on customers' bills. The ALJ found that MGUC should perform a reconciliation and true-up of applicable revenues in its GCR reconciliation, and should file a proposal in its next GCR application "concerning how it proposes to credit GCR and GCC customers for revenues from the release of storage and sales, and overrecoveries." PFD, p. 24.

MGCCA argued in favor of a comprehensive review of the GCC program, urging the Commission to convene a collaborative to gather technical information. The RRC, Attorney General, and MGUC objected to the proposal, questioning the legal and evidentiary basis for such a collaborative. The ALJ made no decision on this proposal.

#### Exceptions and Replies

MGCCA filed two exceptions. First, it argues that the ALJ's recommendation that MGUC file a proposal in its next GCR application for the handling of storage and pipeline capacity revenues/credits and overrecoveries is not adequate, and that the Commission "should direct MGUC to include revenues/credits from the release of storage and pipeline sales together with any Reservation Charge cost over-recoveries in the calculation of the following year's Reservation Charge so that those benefits will be shared by both GCR and GCC customers." MGCCA's exceptions, p. 2. Second, MGCCA argues that the ALJ should have recommended the

commencement of the proposed collaborative, because it has been ten years since the last comprehensive review of the program.

The Attorney General filed a single exception, arguing that the Commission should require MGUC to internally review and update its GCR plan during the plan period to reflect changed circumstances, and to appropriately revise GCR factors during the plan year to minimize over- and underrecoveries. The Attorney General wants the company to use updated sales information during the plan year in order to avoid the significant underrecoveries that MGUC has experienced in recent years. The Attorney General urges the Commission to “instruct MGUC to more carefully manage its billed factors to minimize under or over recoveries at the end of each annual GCR period.” Attorney General’s exceptions, p. 4.

In response to MGCCA, the Attorney General indicates that he agrees that “it is only fair to allocate the offsetting revenues in proportion to the reservation charge revenues paid by GCR and GCC customers.” Attorney General’s replies to exceptions, p. 3. However, the Attorney General disagrees with the proposal for a collaborative, arguing that the Commission cannot, in any case, make changes to GCC service tariffs in a collaborative. The Attorney General contends that “a collaborative is not well-suited to address important differences that can and will arise from unique circumstances involving each utility.” *Id.*, p. 5.

MGUC objects to the Attorney General’s argument regarding the need to review and update the GCR plan during the plan year, contending that the request is overly broad and vague, as well as unnecessary. MGUC maintains that it is unclear what the periodic review should entail, and the company does not know what would be expected, or “what would be the measure or comparison for each period in order to determine whether MGUC ‘minimized’ its under-recovery.” MGUC’s replies to exceptions, p. 4. MGUC asserts that it has already taken action to reduce its under- and

overrecoveries, as was acknowledged by the Commission in the December 6, 2011 order in Case No. U-15700-R, p. 10. MGUC states that it has adapted, and will continue to adapt, its GCR plan to changing circumstances.

In response to MGCCA, MGUC argues that the PFD is already clear and provides sufficient directive to the company to credit capacity release revenues. MGUC indicates that it has already filed a proposal for crediting capacity release revenues and overrecoveries to GCR and GCC customers in its 2012-2013 GCR plan case, filed on December 29, 2011 in Case No. U-16920. “[T]he Company does not oppose apportioning fully capacity release revenues to both GCC and GCR customers for the 2012-2013 period assuming that a Commission order will be in place allowing implementation of the reservation charge to GCC customers.” *Id.*, p. 9.

Finally, MGUC argues that MGCCA’s request for a choice collaborative should be rejected because it is not a proper exception. MGUC contends that MGCCA has cited no law or regulation requiring a collaborative.

The Staff replies to MGCCA’s first exception, arguing that “the PFD did in fact explicitly support including storage revenues/credits in the utility’s next GCR application.” Staff’s replies to exceptions, p. 1.

### Discussion

The Commission finds that the PFD is well-reasoned and thorough, and adopts the findings and recommendations therein. No party excepted to approval of the plan, forecast, factor, or amount of the reservation charge. The Commission finds that the exceptions are not well founded. The ALJ made clear that “the revenues would be attributable to both GCR and GCC customers during the reconciliation process.” PFD, p. 15. MGUC has committed to crediting those revenues to both groups of customers in the proposal to be included in its next GCR application. Likewise,

the Commission is not persuaded that it should issue the Attorney General's requested directive. MGUC has recently improved its efforts to reduce underrecoveries, and is well aware that it may decrease its factor during the plan year (but may not, in any case, increase it above the ceiling set by the Commission). Finally, the Commission agrees with the ALJ that MGCCA failed to make a convincing case for the need for a choice program collaborative at this time.

THEREFORE, IT IS ORDERED that:

A. The gas cost recovery plan filed by Michigan Gas Utilities Corporation for the 12-month period ending March 31, 2012, is approved.

B. Michigan Gas Utilities Corporation is authorized, effective with the first billing month following the issuance of this order, to incorporate into its rates a base gas cost recovery factor of \$6.6938 per thousand cubic feet.

C. Michigan Gas Utilities Corporation is authorized, effective with the first billing month following the issuance of this order, to implement a reservation charge of \$0.8014 per thousand cubic feet for gas cost recovery and gas customer choice customers.

D. Michigan Gas Utilities Corporation shall file, within 30 days, tariff sheets substantially in conformance with Attachment A to this order.

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

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John D. Quackenbush, Chairman

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Orjiakor N. Isiogu, Commissioner

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Greg R. White, Commissioner

By its action of January 26, 2012.

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Mary Jo Kunkle, Executive Secretary

**SECTION D  
RATE SCHEDULES**

**D1. GENERAL TERMS AND CONDITIONS OF THE TARIFF**

- (1) Controlled service.

All rates are subject to all provisions in Rule C2. of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

- (2) Territory served.

All rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

**D2. SUPPLEMENTAL CHARGES**

Each Rate Schedule may be subject to supplemental charges under Rule C11, Customer Attachment Program, a Reservation Charge, and Energy Optimization (“EO”) surcharges required by Public Act 295, as detailed below:

Reservation Charge – this charge allows for the recovery of costs related to the assets necessary to provide peak-day coverage and for the utility to serve as the “supplier of last resort”, as required by the Commission in Case No. U-15929. For GCR purposes, the Reservation Charge is a component of the Base GCR factor.

**Reservation Charge**

\$ 0.8014 per Mcf

Continued on Sheet No. D-1.01

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By J F Schott  
VP Regulatory Affairs  
Green Bay, Wisconsin

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On and After: \_\_\_\_\_ 1, 2011

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Michigan Public Service Commission  
Dated: \_\_\_\_\_, 2011

In Case No: U-16513

**SECTION D  
RATE SCHEDULES**

**D2. SUPPLEMENTAL CHARGES (contd.)**

Energy Optimization Surcharge – this charge permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of rates, to allow for recovery of the payments made by the Company in compliance with Section 91(1) of 2008 PA 295.

<u>Customer Class</u>	<u>EO Surcharge</u>
Residential	\$ 0.1549 per Mcf
Multi-Family	\$ 0.1549 per Mcf
Small General Service	\$ 4.41 per meter, per month
Large General Service	\$ 98.76 per meter, per month
Commercial Lighting	\$ 7.77 per contract, per month
Special Contracts	\$136.94 per month
Transportation -	
TR-1	\$ 26.82 per meter, per month
TR-2	\$ 76.40 per meter, per month
TR-3	\$349.37 per meter, per month

Continued on Sheet No. D-2.00

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Continued from Sheet No. D-1.02

**D3. GAS COST RECOVERY FACTORS**

The listed monthly Gas Cost Recovery Factors are authorized pursuant to Rule C9, Gas Cost Recovery Clause.

Billing Month	Authorized Base Factor \$/Mcf	Maximum GCR Factor Allowed	Actual Factor Billed \$/Mcf
April 2011	\$6.6938		
May	6.6938		
June	6.6938		
July	\$6.6938		
August	6.6938		
September	6.6938		
October	\$6.6938		
November	6.6938		
December	6.6938		
January 2012	\$6.6938		
February	6.6938		
March	6.6938		

The Maximum GCR Factor Allowed is based upon changes in the NYMEX and adjusted according to Sheet Nos. D-3.00 or D-4.00.

The Company will file a revised Sheet No. D-2.00 monthly or as necessary to reflect the factor to be billed the following month.

The Company will file by December 31, 2011 for maximum Gas Cost Recovery Factors for April 2012 through March 2013. The Gas Cost Recovery Factor to be charged beginning April 2012 is authorized pursuant to §6(h)(9) of 1982 PA 304, as amended, MCL 460.6h et seq.

In addition to the above Gas Cost Recovery Factors, rates are subject to the supplemental charges shown on Sheet No. D-1.00.

The Current month's Gas Cost Recovery factor is composed of the following cost components:

Reservation Charge	\$0.8014 per Mcf
Gas Commodity Charge	\$5.8923 per Mcf

Continued on Sheet No. D-3.00

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Effective for bills rendered for the April 2011 through March 2012 billing months.  
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In Case No: U-16481

Continued From Sheet No. D-5.00

#### **D4. RESIDENTIAL RATE - (General and Heating) (Contd)**

##### **RATE**

Customer Charge

**\$11.00** per customer per month plus

Distribution Charge

**\$1.5987** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01.

Seasonal Service Charge

A charge of \$45.00 payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

##### **GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule C2.7.

##### **SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.

Continued on Sheet No. D-7.00

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In Case No: U-16513

Continued From Sheet No. D-7.00

**D5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge: (See Sheet No. D-10.00 for meter classifications.)

Meter Class I	\$ <b>11.00</b> per customer per month plus
Meter Class II	\$ <b>33.00</b> per customer per month plus
Meter Class III	\$ <b>88.00</b> per customer per month plus
Meter Class IV	\$ <b>143.00</b> per customer per month plus

Distribution Charge: (See Sheet No. D-10.00 for meter classifications.)

Meter Class I	\$ <b>1.1929</b> per Mcf plus
Meter Class II	\$ <b>1.1929</b> per Mcf plus
Meter Class III	\$ <b>1.0629</b> per Mcf plus
Meter Class IV	\$ <b>1.0629</b> per Mcf plus

**Gas Cost Recovery Charge**

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

**Supplemental Charges**

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01.

**Seasonal Service Charge**

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

**Late Payment Charge and Due Date**

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-9.00

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In Case No: U-16513

Continued from Sheet No. D-10.00

**D6. SMALL GENERAL SERVICE RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge

**\$33.00** per customer per month plus

Distribution Charge

**\$1.1876** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01.

Seasonal Service Charge

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Delayed Payment Charge and Due Date

A delayed payment charge of 2%, shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-12.00

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In Case No: U-16513

Continued from Sheet No. D-12.00

## **D7. LARGE GENERAL SERVICE RATE - (General and Heating)**

### **AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

### **RATE**

Customer Charge

**\$400.00** per customer per month plus

Distribution Charge

**\$1.0094** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges:

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01.

Seasonal Service Charge

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Delayed Payment Charge and Due Date

A delayed payment charge of 2% shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-14.00

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Continued from Sheet No. D-14.00

## D8. GAS LIGHTING RATE

### AVAILABILITY

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

#### Rate Schedule

#### Distribution Charge

Residential -

**\$1.5987** per Mcf

Commercial -

**\$1.1876** per Mcf

Street Lights -

(In accordance with the terms of the service agreement)

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01

### RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company plus the following condition:

No additional gas burning devices may be attached to the service connection for light(s) served under this rate.

### SPECIAL TAXES

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased special tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

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In

Continued From Sheet No. E-12.00

## E5. TRANSPORTATION SERVICE AND RATES (Contd)

### E5.3 AGGREGATION OF ACCOUNTS OPTION

- (b) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer's agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.
- (c) The facility designated as the master account shall be subject to and billed under the provisions of its transportation tariff. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, except that each subsidiary account will pay the customer charge, distribution charge and all applicable Supplemental charges as set forth on Sheet Nos. D-1.00 and D-1.01 in effect for its designated sales or transportation rate, rather than the customer charge and transportation charge in effect for the master account.

### E5.4 RATES AND CHARGES

Monthly Charges:	Transportation Service Rate		
	TR-1	TR-2	TR-3
Customer Charge Each Meter	\$825.00 / meter	\$2,250.00 / meter	\$3,050.00 / meter
Transportation Rates:			
Peak (November to March)	\$0.7777 per Mcf	\$0.4796 per Mcf	\$0.4651 per Mcf
Off-Peak (April to October)	\$0.6277 per Mcf	\$0.3296 per Mcf	\$0.3151 per Mcf

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (a) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (b) If the customer demands that heating value measurement equipment be installed.

Continued on Sheet No. E-14.00

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In Case No: U-16513

Continued From Sheet No. E-13.00

## **E5. TRANSPORTATION SERVICE AND RATES (Contd)**

### **E5.5 GAS COST RECOVERY**

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule C9 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 2.

### **E5.6 SUPPLEMENTAL CHARGES**

This rate may be subject to the Supplemental Charges set forth on Sheet Nos. D-1.00 and D-1.01.

### **E5.7 GAS IN KIND**

The Company shall retain **0.55%** of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

### **E5.8 MONTHLY LOAD BALANCING**

#### **MONTHLY IMBALANCES:**

As imbalances occur, the Company and the customer will attempt to correct them within the same month in which they occur. Failing such corrections, the Company will cash-out the imbalances as described below:

**ANNUAL CONTRACT QUANTITY (ACQ)** is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.

**AUTHORIZED TOLERANCE LEVEL (ATL)** is defined as 5% of the customer's ACQ. The Company is obligated to retain excess deliveries of gas on behalf of the customer up to its ATL, without additional charge.

**EXCESS DELIVERIES** are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.

**ATL BALANCE** is defined as the cumulative balance of excess deliveries from month to month, up to the customer's ATL. The ATL balance may be carried forward from month to month without additional charge. The Company will inform the customer of its current ATL balance along with its monthly billing.

Continued on Sheet No. E-15.00

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Continued From Sheet No. F-14.00

### **GAS CUSTOMER CHOICE SERVICE (RATE CC) (Contd.)**

Service is available to all customers without limitation

A Rate CC customer may switch Suppliers at the end of any billing month provided the Company receives sufficient notice in a form acceptable to the Company. A customer may change Suppliers one time in any 12-month period at no cost to the customer. A fee of \$10 will be required for each change of Supplier within the same 12-month period. If a Supplier's actions force a Customer to the Company's sales service, the Customer may choose another Supplier within two billing cycles without a switching fee regardless of the length of time that has elapsed since the Customer left the Company's sales service. Except as set forth in the preceding sentence, a Customer returning to the Company's sales service rates from Rate CC is subject to the Rule C5.3(c), Selection of Rate, provisions of those sales rates and except as otherwise provided, must remain on the sales rate for 12 months.

#### **Minimum Term**

A customer who has elected to take service under Rate CC may switch or cancel supplier at any time. A customer who has elected to take service under Rate CC may return to the Company sales rate at anytime, subject to certain rules and conditions, but must remain on the sales rate for 12 months.

A customer may also change from Rate CC to another rate if:

- (1) the customer exercises an unconditional right of cancellation pursuant to Section F2 with the initial Supplier selected by the customer,
- (2) the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- (3) the Supplier's action forces the customer to the Company's sales service,
- (4) the Supplier selected by the customer defaults under its Authorized Gas Supplier Agreement, or
- (5) the Supplier selected by the customer has its Authorized Supplier status revoked or terminated.

#### **Nature of Service**

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, reservation charge, surcharges, penalties and taxes. The authorized Supplier's cost of gas charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas" as approved by the Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customer's authorized Supplier pertinent customer sales or transportation data.

A Rate CC customer's return to sales service is subject to Rule C2, Controlled Service.

#### **Monthly Rate**

##### **Customer Charge Or Service Charge**

As shown on the customer's applicable sales Rate Schedule.

Continued on Sheet No. F-16.00

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VP Regulatory Affairs  
Green Bay, Wisconsin

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Continued from Sheet No. F-15.00

**GAS CUSTOMER CHOICE SERVICE (RATE CC) (Contd.)**

**Distribution Charge**

As shown on the customer's applicable sales Rate Schedule.

**Reservation Charge**

The customer shall pay a Reservation Charge as detailed on tariff sheet No.D-1.00 (Amounts collected by the Company for Reservation Charges shall be reflected as reductions to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule C9.)

**Gas Commodity Charge**

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. If a participating customer wishes to obtain gas supply from the Company after twelve or more months under rate CC, the customer shall be subject to the GCR rate. If a participating customer chooses to obtain gas supply from the Company as a result of its chosen Supplier becoming disqualified or terminating its participation, subject to Rule C2, Controlled Service, the customer shall become subject to the higher of a market based rate or the GCR rate for up to three months.

The market-based rate shall consist of the average (most recent 30 days that are available) of the MichCon city gate price as published in *Platt's Gas Daily*.

**General Terms and Surcharges**

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-1.00 and D-1.01 and is also subject to all charges, terms and conditions set forth in Section F.

**Minimum Charge**

The minimum charge shall be the customer charge included in the rate plus any applicable surcharges.

**Due Date and Late Payment Charge**

The due date of a customer's bill shall be 21 days from the date of mailing. A 2% late payment charge, not compounded, of the unpaid portion of the bill, net of taxes, shall be assessed to any bill that is delinquent.

**Term and Form of Contract**

Service under this rate shall require authorization in a manner specified by the Company.

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