

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
CONSUMERS ENERGY COMPANY for approval	)	
of amendment to its January 1, 1991 gas purchase	)	Case No. U-12841
contract with Delta Energy Corporation.	)	
_____	)	

At the March 29, 2001 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 APPROVING CONTRACT AMENDMENT

On February 28, 2001, Consumers Energy Company (Consumers) filed an application, pursuant to Section 10 of 1929 PA 9, as amended, MCL 483.110; MSA 22.1320, seeking approval of agreed upon changes to the terms and conditions of a gas purchase contract with Delta Energy Corporation (Delta) that was originally dated January 1, 1991 and subsequently amended on June 20, 1991, December 2, 1991, April 1, 1993, July 7, 1997, May 26, 2000, and February 20, 2001.

Consumers and Delta have agreed, pursuant to a February 20, 2001 letter agreement, to the following modifications to be effective for the period of April 1, 2001 through December 31, 2003. First, Delta will provide Consumers with a fixed and firm gas delivery commitment of 14,000 million Btu (MMBtu) per day. Second, both Consumers and Delta agree to establish their daily

purchase and sale commitments on as level a basis as operations allow, and further agree that daily fluctuations in purchases and sales should not vary (other than for force majeure conditions) by more than five percent per day. Third, both parties will meet on a quarterly basis to reconcile the daily purchase and sell commitments. Fourth, any gas production from the contract wells in excess of this fixed and firm delivery commitment of 14,000 MMBtu per day shall be released from the contract, and Delta shall be free to market all remaining gas to others.

After reviewing the application, the Commission finds that the proposed contract amendment is reasonable and in the public interest and that ex parte approval is appropriate.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq.; MSA 22.1311 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 165, as amended, MCL 483.151 et seq.; MSA 22.1332(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACRS, R 460.17101 et seq.
- b. The proposed contract amendment is reasonable and in the public interest, and should be approved.
- c. The public interest will be adequately protected without the time and expense of a public hearing.

THEREFORE, IT IS ORDERED that:

A. The February 20, 2001 letter amendment to the gas purchase contract between Consumers Energy Company and Delta Energy Corporation is approved and shall remain in effect until further order of the Commission.

B. Any future filings shall each be in a new docket.

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; MSA 22.45.

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 March 29, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

“Adopt and issue order dated March 29, 2001 approving an amendment to Consumers Energy Company’s gas purchase contract with Delta Energy Corporation, as set forth in the order.”