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May 18, 2001

Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Attention: Ms. Dorothy Wideman, Executive Secretary

Re: In the matter of the application of MICHIGAN CONSOLIDATED GAS COMPANY for an extension of a temporary waiver of the applicability of Priority Four of Tariff Rule B3, Controlled Service, to certain non-residential customers, MPSC Case No. U-12949

Dear Ms. Wideman:

Enclosed for filing in the captioned matter is an original and 5 copies of Michigan Consolidated's application. Please be advised that this application has also been filed with the Commission electronically.

Respectfully submitted,

A handwritten signature in black ink that reads "Dennis R. O'Connell (EDR)". The signature is written in a cursive, flowing style.

c: Parties of Record

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of MICHIGAN)
CONSOLIDATED GAS COMPANY for an)
extension of a temporary waiver of the applicability) Case No. U-12949
of Priority Four of Tariff Rule B3, Controlled)
Service, to certain non-residential customers.)

APPLICATION

Michigan Consolidated Gas Company (MichCon) files this Application 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; and the Commission's Rules of Practice and Procedure, Mich Administrative Code, R 460.17101 et seq. This Application requests ex parte approval of an extension of a temporary waiver of certain provisions in MichCon's Tariff Rule B.3, Controlled Service, in regard to non-residential customers having an annual gas consumption of 15,000 Mcf or less. In support of this Application, MichCon shows the following:

1. MichCon is a Michigan corporation with its principle offices located at 500 Griswold Street, Detroit, Michigan 48226. MichCon is a public utility that is subject to the jurisdiction of the Commission and is engaged in the acquisition, storage, transportation, distribution, and sale of natural gas and other related services to 1.2 million residential, commercial, and industrial customers within the State of Michigan.
2. MichCon's Tariff Rule B.3, M.P.S.C. No.4 – Gas (Rule B3), entitled "Controlled Service" provides, in pertinent part, that applications for gas sales service are to be approved in

accordance with the six Controlled Service Priorities set forth in sub-Rule B3 (G)(1).

Generally, under the Controlled Service Priority procedures in Rule B3, MichCon opens the highest priority first and then, if all applicants under that priority are granted sales service, the next priority may be opened.

3. Beginning with the highest priority, Priority One, the six priorities under MichCon's Tariff sub-Rule B3(G)(1) are as follows:

Priority One: The use of natural gas by any residential or commercial customer for any purpose except space heating and air conditioning.

Priority Two: The use of natural gas by any residential customer for space heating or air conditioning and the use of natural gas for services essential for public health and safety.

Priority Three: The use of natural gas by any industrial customer for industrial processing or in gas fired after burners to limit or abate obnoxious odors or air pollution.

Priority Four: The use of natural gas by any non-residential customer for space heating or air conditioning.

Priority Five: The use of natural gas for all other purposes not listed in Priority One through Priority Four or Priority Six.

Priority Six: The use of natural gas for the generation of steam or electricity by utilities, or the firing of kilns which can be fired by other fuels.

4. In its application filed July 11, 2000 in MPSC Case No. U-12521, MichCon requested a temporary waiver from the Priorities under Tariff sub-Rule B3(G)(1) in order to allow those new non-residential customers using 15,000 Mcf or less per year to obtain gas sales service under Priority Two, rather than Priority Four, in the event that gas sales service under Priorities Three through Six was closed. In that application, MichCon further requested a temporary waiver from Priorities Three through Six for all non-residential customers that choose to return to gas sales service after participating in MichCon's Customer Choice

Program that was authorized in MPSC Case No. U-11682. The initial temporary waiver application in Case No. U-12521 was filed in conjunction with MichCon's application in Case No. U-12524 to amend its T-1 and T-2 gas transportation tariffs to allow its gas transportation customers to return to gas sales service upon 12 months prior notice.

5. By its order issued July 17, 2000, the Commission granted ex parte approval of MichCon's temporary waiver to be in effect for the earlier of: (i) the duration of the phase-in period for the 12-month prior notice requirement for transportation customers to return to gas sales service, or (ii) the date of a final Commission order in a future case proceeding concerning MichCon's application to formally amend Rule B3.
6. Contemporaneous with the filing of the instant Application, MichCon is filing with the Commission an application for approval of amendments to definitions of Priorities One through Six under Rule B3 (the B3 amendment application). The amendments to the Controlled Service Priorities are being proposed to generally reflect annual volumetric limits/requirements in each Priority.
7. In the event a final Commission order is not issued on the proposed amendments to Rule B3 submitted by MichCon in the aforementioned contemporaneous application, the temporary waiver granted by the Commission's July 17, 2000 order in Case No. U-12521 will expire on July 17, 2001 (the end of the 12-month phase-in period for the prior notice requirement for transportation customers to return to gas sales service). In order to avoid potential adverse

effects upon non-residential customers using less than 15,000 Mcf per year and nonresidential customers participating in MichCon's Customer Choice Program if the temporary waiver was to expire prior to approval of the amended Tariff Rule B3 language regarding Priorities, MichCon believes it would be in the public interest to extend the temporary waiver granted in Case No. U-12541. The extension is requested until such time as a final Commission order is issued on the B3 amendment application.

8. As was the case with the July 11, 2000 application for the initial temporary waiver in Case No. U-12521, the proposed extension of that waiver requested herein will not constitute an increase in rates that will result in an increase in the cost of service to MichCon's customers pursuant to §6a(1) of 1939 PA 3, as amended; MCL 460.6a(1). Thus, the extension of the temporary waiver may be approved without notice and hearing.

WHEREFORE, based on the foregoing, MichCon respectfully requests that the Commission issue an ex parte order that:

- A. Grants an extension of the temporary waiver approved in Case No. U-12521 until a final Commission order is issued on the B3 amendment application that is being filed contemporaneously with the instant Application.
- B. Authorizes MichCon to treat those non-residential customers covered under the waiver extension as Priority Two customers for purposes of Rule B3 for the period the extension of the temporary waiver is in effect.
- C. Grants such other and further relief as may be deemed just and reasonable.

Respectfully submitted

Michigan Consolidated Gas Company

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Dated: May 18, 2000