

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
MICHIGAN CONSOLIDATED GAS COMPANY	)	
for authority to amend Rule B3 of its gas service	)	Case No. U-12950
tariffs, concerning controlled service.	)	
_____	)	

At the July 11, 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

OPINION AND ORDER

On May 18, 2001, Michigan Consolidated Gas Company (Mich Con) filed an application requesting approval of certain amendments to its gas tariff Rule B3 concerning controlled service.

Mich Con's current controlled service rule provides, in pertinent part, that as Mich Con is able to contract for new gas supplies at reasonable and prudent prices, terms, and conditions, it will approve requests for sales service in accordance with the six controlled service priority categories set forth in Rule B3(G)(1). Generally, under the controlled service priority procedures in Rule B3, Mich Con opens the highest priority (Priority One) first, and then, if all applicants under that priority are granted sales service, the next priority may be opened. The current priorities under Rule B3(G)(1) are determined by the particular uses of natural gas, e.g., residential/commercial non-space heating, residential/commercial space heating, and industrial processing.

Mich Con's Rule B3 was last reviewed and revised by the Commission's October 28, 1993 order in Cases Nos. U-10149 and U-10150. Mich Con represents that, since that time, the natural gas industry in Michigan has undergone significant change. In particular, it asserts, the ability of customers to choose their natural gas supplier pursuant to the experimental gas customer choice program approved in Case No. U-11682, coupled with the increasing volatility in the price of natural gas, has created the potential for significant upward swings in natural gas volumes required to meet Mich Con's system requirements if, and to the extent that, customers elect to switch from an alternative natural gas supplier to Mich Con's sales service. For these reasons, Mich Con proposes to amend Rule B3 to simplify the tariff and to modify the controlled service priorities to reflect the volumetric requirements of customers—set forth on a per thousand cubic foot (Mcf) basis—rather than the uses to which those requirements apply. Among other changes, those proposed by Mich Con for controlled service priorities one through six are as follows:

PRIORITY ONE

The use of natural gas by any residential customer for any purpose.

PRIORITY TWO

The use of natural gas for services essential for public health and safety regardless of annual consumption.

PRIORITY THREE

The use of natural gas by any commercial or industrial customer with annual consumption less than 3,000 Mcf.

PRIORITY FOUR

The use of natural gas by any commercial or industrial customer with annual consumption equal to or greater than 3,000 Mcf but less than 15,000 Mcf.

PRIORITY FIVE

The use of natural gas by any commercial or industrial customer with annual consumption equal to or greater than 15,000 Mcf but less than 100,000 Mcf.

PRIORITY SIX

The use of natural gas by any commercial or industrial customer with annual consumption equal to or greater than 100,000 Mcf.

The Commission has reviewed the application and concludes that the proposed amendments, including the suggested revisions to priorities one through six, are reasonable and in the public interest. The amendments will simplify the tariff and also reflect the volumetric requirements of customers rather than the uses to which the requirements apply. This will allow Mich Con to better plan for and manage the natural gas volumes required to meet its system supply requirements.

The approval of Mich Con's application will not increase the cost of service to any of its customers. Therefore, the Commission may approve the tariff amendments without providing notice or an opportunity for hearing, pursuant to MCL 460.6a; MSA 22.13(6a).

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 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 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 AACCS, R 460.17101 et seq.
- b. Mich Con's proposed amendments to gas tariff Rule B3, as set forth in Exhibit A attached to this order, are reasonable and in the public interest, and should be approved.
- c. Because approval of the proposed gas tariff Rule B3 amendments will not increase the rates of any of Mich Con's customers, ex parte approval is appropriate.

THEREFORE IT IS ORDERED that:

A. Michigan Consolidated Gas Company is authorized to amend its gas tariff Rule B3 concerning controlled service.

B. Revised tariff language consistent with that set forth on Exhibit A shall take effect on the date following issuance of this order.

C. Michigan Consolidated Gas Company shall file, within 30 days, tariff sheets reflecting the revised language set forth on Exhibit 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, 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 July 11, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

(S E A L)

Commissioner

Commissioner

By its action of July 11, 2001.

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Suggested Minute:

“Adopt and issue order dated July 11, 2001 authorizing Michigan Consolidated Gas Company to amend its gas service tariffs concerning controlled service, as set forth in the order.”