



NEWS RELEASE

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LANSING, September 27. The Michigan Public Service Commission today took further action to support the development of non-public utility electric generation capacity and encourage a competitive electric marketplace within Michigan by approving a special contract between Michigan Consolidated Gas Company and Dynegy Marketing and Trade. Under the terms of the Special Gas Transportation Agreement, Mich Con agrees to transport gas to Dynegy's plant via a 9.2 mile 20 inch pipeline designed, constructed, owned and operated by Renaissance Trust and interconnected with Mich Con's transmission pipelines in New Haven Township, Gratiot County. Renaissance Trust will design, construct, own and operate a 680-megawatt natural gas fired peaking facility in Carson City. Mich Con will provide the transportation service under the terms of the SGTA, for a 20-year term, with the opportunity to renew the contract annually thereafter. Dynegy has committed to pay Mich Con a minimum \$3,532,500 three-year period revenue commitment and a \$2,100 monthly customer charge and a gas-in-kind charge according to the company's LT-2 rate schedule.

The Commission found that the special contract is reasonable and in the public interest. Further, it found that other customers and the public interest are adequately protected, reiterating the general principles that the utility company should assume full responsibility for negotiating the discounted prices and that its shareholders should expect to absorb much, if not all, of any revenue shortfall caused by the pricing and other contract provisions that the utility negotiates. Therefore, unless the utility can make a compelling showing why a different ratemaking treatment is justified, the Commission will not permit the utility to reallocate the costs of serving contract customers to other ratepayer classes.

Mich Con, a division of DTE, headquartered in Detroit, provides natural gas service to about 1.2 million customers throughout Michigan.

The MPSC is an agency within the Department of Consumer and Industry Services.

Case No. U-13002
September 27, 2001
(MPSC approves special contracts between Mich Con and Dynegy Marketing)
