

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

**NOTICE OF HEARING
FOR THE CUSTOMERS OF
SEMCO ENERGY GAS COMPANY
CASE NO. U-14893**

- SEMCO Energy Gas Company may revise its annual natural gas revenues by \$18,856,897, and, through a separate residential surcharge, may fund a conservation program for residential customers and participation in Michigan's Low-Income and Energy Efficiency Fund program up to the amount of \$2,045,563, if the Michigan Public Service Commission approves its request.
- **A TYPICAL RESIDENTIAL CUSTOMER WHO USES 100 MCF (THOUSAND CUBIC FEET) OF NATURAL GAS PER YEAR MAY SEE AN ANNUAL INCREASE OF \$64.61 OR ABOUT 5% AND UP TO AN ADDITIONAL \$9.16 PER YEAR TO FUND THE COMPANY'S CONSERVATION PROGRAM AND PARTICIPATION IN MICHIGAN'S LOW-INCOME AND ENERGY EFFICIENCY FUND PROGRAM.**
- The information below describes how a person may participate in this case.
- You may call or write SEMCO Energy Gas Company, 1411 Third Street, Suite A, Port Huron, Michigan 48060, (800) 624-2019 for a free copy of its application. Any person may review the application at the offices of SEMCO.
- The first public hearing in this matter will be held:

DATE: July 27, 2006
This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

TIME: 9:00 a.m.

**PRESIDING
OFFICER:** Administrative Law Judge Sharon L. Feldman

LOCATION: Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Michigan

PARTICIPATION: Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 a week in advance to request mobility, visual,

hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the May 25, 2006 application, as amended on June 16, 2006, of SEMCO Energy Gas Company (SEMCO Gas) to redesign rates and increase revenues for the sale, transportation and distribution of natural gas. SEMCO Gas seeks to charge the following rates:

<u>Service Class</u>	<u>Monthly Service Charge</u>	
Residential	\$24.04	
<u>General</u>	<u>Monthly Customer Charge</u>	<u>Distribution Charge Per Mcf</u>
GS-1	\$12.00	\$1.7930
GS-2	\$50.00	\$1.2000
GS-3	\$100.00	\$1.0438
<u>Transportation</u>		<u>Transportation Charges Per Mcf</u>
		<u>On Peak</u> <u>Off Peak</u>
TR-1	\$200.00	\$0.7828 \$0.6328
TR-2	\$1,000.00	\$0.6914 \$0.5414

As part of its rate redesign proposals, SEMCO Gas seeks to (i) replace the residential monthly customer charge and the volumetric distribution charge with a single fixed residential monthly service charge, or alternatively, replace the volumetric distribution charge with a fixed residential monthly service charge and retain a separate residential monthly customer charge; (ii) remove Lost and Unaccounted For (LAUF) gas costs from base rates and collect LAUF gas costs as a booked cost of gas sold through the GCR process; (iii) alternatively, retain LAUF gas costs in base rates at an appropriate level and “true-up” this amount to match the Company’s actual LAUF gas costs on an annual basis; (iv) “true up” the amount of Uncollectible Expense on an annual basis; and (v) implement surcharges to recover costs associated with: (a) a residential conservation program and participation in Michigan’s Low-Income Energy Efficiency Fund, up to an amount approved by the

Commission, and (b) an accelerated program for replacement of unprotected and bare steel mains and compressors.

All documents filed in this case shall be submitted electronically through the Commission's Electronic Case Filings Web site at: [https://efile.mpsc.cis/state.mi.us/cgi-bin/efile/login.pl](https://efile.mpsc.cis.state.mi.us/cgi-bin/efile/login.pl). Requirements and instructions for filing electronic documents can be found in the Electronic Case Filings Users Manual at: <http://efile.mpsc.cis.state.mi.us/efile/pdfs/usersmanual.pdf>.

An application for account and letter of assurance, required of all first-time users, are located at: <http://efile.mpsc.cis.state.mi.us/efile/pdfs/assurance.pdf>. Documents may also be submitted, in Word format, as an attachment to an email sent to mpscfilecases@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at 517-241-6170 or by e-mail at: mpscfilecases@michigan.gov.

Any person wishing to intervene and become a party to the case shall electronically file a petition to intervene with this Commission by July 20, 2006. The proof of service shall indicate service upon SEMCO Gas' attorney, Albert Ernst, at Dykema Gossett PLLC, Capitol View, 201 Townsend Street, Suite 900, Lansing, Michigan 48933.

Any person wishing to make a statement of position without becoming a party to the case may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his/her wish to make a statement of position.

A copy of SEMCO Gas' request may be reviewed on the Commission's Web site at <http://efile.mpsc.cis.state.mi.us/efile> and at the office of SEMCO Energy Gas Company. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6170.

Jurisdiction is 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 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

SEMCO ENERGY GAS COMPANY HAS REQUESTED THE INCREASES DESCRIBED IN THIS NOTICE. THE MICHIGAN PUBLIC SERVICE COMMISSION MAY GRANT OR DENY THE REQUESTED INCREASES AND OTHER PROPOSALS, IN WHOLE OR IN PART, AND MAY GRANT LESSER OR GREATER INCREASES THAN THOSE REQUESTED, AND MAY AUTHORIZE A LESSER OR GREATER RATE FOR ANY CLASS OF SERVICE THAN THAT REQUESTED.

June 29, 2006
Lansing, Michigan



Jennifer M. Granholm
GOVERNOR

STATE OF MICHIGAN
PUBLIC SERVICE COMMISSION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON
DIRECTOR

J. Peter Lark
CHAIRMAN

Laura Chappelle
COMMISSIONER

Monica Martinez
COMMISSIONER

June 29, 2006
Case No. U-14893

Mr. Albert Ernst
Dykema Gossett PLLC
Capitol View
201 Townsend Street, Suite 900
Lansing, Michigan 48933

Dear Mr. Ernst:

SEMCO Energy Gas Company shall mail, by July 13, 2006, a copy of the enclosed notice of hearing to all cities, incorporated villages, townships and counties in its Michigan service area. Proof of service shall be filed by the prehearing conference on July 27, 2006. .

SEMCO Energy Gas Company shall cause the enclosed notice of hearing to be published, by July 13, 2006, in daily newspapers of general circulation in its service area. Affidavits of publication shall be filed by the prehearing conference on July 27, 2006.

SEMCO Energy Gas Company shall, by July 27, 2006, serve upon each person who has petitioned to intervene a copy of the written direct testimony of its proposed witnesses and the proposed exhibits as filed with the Commission. Proof of service shall be filed with the Commission by August 3, 2006.

Sincerely,

A handwritten signature in cursive script that reads "Mary Jo Kunkle".

Mary Jo Kunkle
Executive Secretary

Enclosures

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-14893

County of Ingham)

Catherine H. Bowers, being duly sworn, deposes and says that on June 29, 2006, she served a copy of the attached notice of hearing, by mailing copies thereof by first class mail, postage prepaid, inter-departmental mail or email to the persons as shown on the attached service lists.

**Catherine
H. Bowers**

Digitally signed by Catherine H. Bowers
DN: cn=Catherine H. Bowers, c=US, o=Michigan Public Service Commission, ou=Regulatory Affairs, Executive Secretary Section
Date: 2006.06.29 16:45:47 -04'00'

Subscribed and sworn to before me
This 29th day of June, 2006

**Sharron A.
Allen**

Digitally signed by Sharron A. Allen
DN: cn=Sharron A. Allen, c=US, o=MPSC, ou=Case Management, email=saallen@michigan.gov
Date: 2006.06.30 06:38:48 -04'00'

Sharron A. Allen
Notary Public, Ingham County
My Commission expires August 16, 2011

SERVICE LIST
CASE NO. U-14893

MR. EUGENE N. DUBAY
SEMCO ENERGY GAS COMPANY
1411 THIRD ST., STE. A
PORT HURON, MI 48060

MR. ALBERT ERNST
DYKEMA GOSSETT PLLC
200 CAPITOL VIEW
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aernst@dykema.com

MS. PATRICIA S. BARONE
ASSISTANT ATTORNEY GENERAL
6545 MERCANTILE WAY, 2ND FLOOR
LANSING, MI 48911 **ID MAIL**
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MS. SHARON L. FELDMAN
PSC - ALJ DIVISION
6545 MERCANTILE WAY, 2ND FLOOR
LANSING, MI 48911 **ID MAIL**
slfeldm@michigan.gov

Subscription List
All Gas Notices

Mr. Michael Byrne
Senate Democratic Staff
Romney Building
Lansing, MI **ID MAIL**

Mr. John Pestle
Varnum, Riddering, Schmidt & Howlett
Bridgewater Place
P.O. Box 352
Grand Rapids, MI 49501-0352

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4th Floor
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Bridgewater Place
P.O. Box 352
Grand Rapids, MI 49501-0352

Mr. Michael Byrne
Senate Democratic Staff
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Lansing, MI **ID MAIL**