

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**MICHIGAN GAS UTILITIES CORPORATION** ) Case No. U-15990  
for authority to increase retail natural gas rates. )  
\_\_\_\_\_ )

At the December 16, 2009 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER APPROVING PARTIAL SETTLEMENT AGREEMENT**

On July 1, 2009, Michigan Gas Utilities Corporation (MGUC) filed an application, with supporting testimony, exhibits, and work papers, proposing an annual increase in its natural gas base rates of approximately \$8,444,435.

A prehearing conference was held on August 3, 2009, before Administrative Law Judge Sharon L. Feldman (ALJ). At the prehearing conference, the ALJ granted the petition to intervene filed by Constellation NewEnergy-Gas Division, LLC (Constellation). The Commission Staff (Staff) also participated in the proceeding.

Subsequently, the Staff and MGUC submitted a partial settlement agreement resolving all issues in the case, with the exception of rate decoupling. Constellation filed a statement of non-objection to the partial settlement agreement. *See*, Attachment 2.

According to the terms of the partial settlement agreement, attached as Attachment 1, the parties agree that MGUC's sales rates should be increased on January 1, 2010, in the annual amount of \$3,500,191 based on a 2010 test year. The parties also agree that the authorized return on common equity should be set at 10.75%, which results in an overall rate of return of 7.16%. The parties agreed that the rate increase shall be allocated on a customer class basis as set forth in the tariff sheets attached as Exhibit A to the partial settlement agreement.

The parties agree to miscellaneous tariff revisions to MGUC's general rules and agree that, beginning January 1, 2010, MGUC shall be authorized to implement an Uncollectibles Expense Tracking Mechanism (UETM), under which MGUC will annually defer, and subsequently surcharge or credit, 80% of the difference between MGUC's future annual net uncollectibles expense and the \$2,009,903 of net uncollectibles expense included in the revenue requirement of this case. The 80% difference shall be collected from, or refunded to, MGUC's customers through a temporary surcharge or credit. The surcharge or credit will be implemented by Commission order after hearing on the annual application.

On or before March 31 of each year, MGUC shall file an UETM reconciliation application as a continuation of this docket and the filing shall contain the information, and use the methods, set forth in paragraph 9.d. of the partial settlement agreement. The UETM surcharges or credits for each rate class shall be calculated based upon the percentages shown in Exhibit C to the partial settlement agreement. Any over or underrecovery caused by the surcharges or credits shall be rolled into the subsequent annual UETM reconciliation.

After review of the partial settlement agreement, the Commission finds that its terms are reasonable, and that its approval is in the public interest. Therefore, the Commission approves the partial settlement agreement.

THEREFORE, IT IS ORDERED that:

A. The partial settlement agreement, attached as Attachment 1, is approved.

B. On January 1, 2010, on a service rendered basis, Michigan Gas Utilities Corporation shall implement the rates for the sale of natural gas and related services, approved by this order.

C. Within 30 days, Michigan Gas Utilities Corporation shall file with the Commission tariff sheets substantially similar to those contained in Exhibit A to the partial settlement agreement.

D. Michigan Gas Utilities Corporation shall implement an Uncollectibles Expense Tracking Mechanism in accordance with the terms and conditions set forth in the partial settlement agreement for the period beginning January 1, 2010.

E. Approval of this order obviates the ability of Michigan Gas Utilities Corporation to avail itself of the self-implementation provisions set forth in MCL 460.6a.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Orjiakor N. Isiogu, Chairman

By its action of December 16, 2009.

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Monica Martinez, Commissioner

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Mary Jo Kunkle, Executive Secretary

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Steven A. Transeth, Commissioner

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<b>MICHIGAN GAS UTILITIES CORPORATION</b>	)	Case No. U-15990
for authority to increase retail natural gas rates.	)	
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**PARTIAL SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 333 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), Michigan Gas Utilities Corporation (“MGUC”), and the MPSC Staff (“Staff”) agree as follows:

1. On July 1, 2009, MGUC filed its Application in this case, along with supporting testimony, exhibits, and workpapers, proposing among other things, an annual increase in its natural gas base rates of approximately \$8,444,435.
2. On July 10, 2009, the Commission’s Executive Secretary issued the Notice of Hearing in this case, scheduling a prehearing conference for August 3, 2009, before Administrative Law Judge Sharon L. Feldman.
3. At the prehearing conference, the petition to intervene of Constellation NewEnergy Gas Division, LLC (“Constellation”) was granted, and a schedule was set.
4. On October 29, 2009, the Commission issued its Order addressing MGUC’s intention to self-implement a rate increase pursuant to Section 6a(1) of MCL 460.6. In the October 29 Order, the Commission directed MGUC to file by November 23, 2009, tariffs

showing the rates that it proposes to self-implement between January 1, 2010 and July 1, 2010. The Commission also scheduled a hearing for December 10, 2009.

5. On November 23, 2009, as directed by the Commission, MGUC filed the Direct Testimony and Exhibits of David J. Kyto, and on November 25, 2009, MGUC filed the Amended Direct Testimony and Exhibits of David J. Kyto.

6. Thereafter, the Staff, MGUC and Constellation engaged in extensive settlement discussions, which negotiations have led to the agreements incorporated in this partial settlement.

7. It is the opinion of the signatories hereto that this partial settlement agreement is reasonable, prudent, will aid in the expeditious conclusion of this proceeding, and will minimize the expense which would otherwise have to be devoted by the Commission and the parties.

8. This partial settlement agreement resolves on a final basis all contested issues in this case with the exception of rate decoupling as described in paragraph 9e herein, and all provisions of the partial settlement agreement are dependent upon all other provisions.

9. By this partial settlement agreement:

a. It is agreed that MGUC's sales rates shall be increased in the annual amount of \$3,500,191, on a service rendered basis, as of January 1, 2010 or on and after the day following the issuance of a Commission order approving this partial settlement agreement if the order is issued after December 31, 2009. The authorized return on Common Equity is 10.75%, which results in a calculated overall rate of return of 7.16%. The authorized overall rate of return is based on an annual average permanent capital common equity ratio of 50.26%, which includes the impact of short-term debt.

b. It is agreed that the increase in the annual amount of \$3,500,191 shall be allocated on a class-by-class basis in the manner set forth in the tariff sheets attached as Exhibit A as reflective of the percentage rate increases set forth on Exhibit B.

c. It is agreed that revisions to MGUC's general rules and as set forth in tariff sheets attached as Exhibit A should be approved, effective on January 1, 2010 or on and after the day following the issuance of a Commission order approving this partial settlement agreement, if the order is issued after December 31, 2009.

d. It is agreed that, commencing January 1, 2010, MGUC shall be authorized to implement an Uncollectibles Expense Tracking Mechanism ("UETM") under which MGUC will annually defer, and subsequently surcharge or credit, 80% of the difference between MGUC's future annual Net Uncollectibles Expense and the \$2,009,903 of Net Uncollectibles Expense included in the revenue requirement of this case. Net Uncollectibles Expense is defined to equal "Write-Offs" less "Collections", as shown on the line labeled "Accounts Written Off" on page 228A of MPSC Form P-522. The 80% difference will be collected from, or refunded to, MGUC's customers through a temporary surcharge or credit. The surcharge or credit would be implemented by Commission order after an opportunity for hearing on the annual application.

On or before March 31 of each year, MGUC shall file an UETM reconciliation application as a continuation of this docket. Each March 31 filing must fully describe the methods used to determine the Net Uncollectibles Expense for the preceding year, detailing any changes in methodology from the previous year, and fully explaining the reasons for any changes of methodology, along with support for all assumptions made in the Net Uncollectibles Expense

determination. In the event MGUC has filed a new rate case and self-implemented new rates in the 12-month period, MGUC shall include a detailed proposal with specific explanation as to how self-implementation fits with the UETM and the proposed reconciliation. The surcharges or credits for each rate class would be calculated based upon the percentages shown on attachment Exhibit C. The allocation factors are based on the volumes, and revenue listed on the Company's prefiled exhibits.

Any over recovery or under recovery caused by the surcharges or credits should be rolled into subsequent annual UETM reconciliations.

Carrying charges shall be assessed on the average monthly UETM balance. Carrying charges shall be calculated monthly and compounded annually on December 31 by applying MGUC's average short-term borrowing rate to under-recoveries, and MGUC's authorized rate of return on common stock that was determined in the latest rate case to over-recoveries. For purposes of calculating carrying costs on the UETM balance, the \$2,009,903 of Net Uncollectibles Expense included in the revenue requirement will be assumed to be recovered proportionately to the monthly Net Uncollectibles Expense recorded throughout the year.

e. It is agreed that the issue of rate decoupling is preserved for a contested case, and will be addressed pursuant to the schedule adopted at the prehearing conference and recently amended.

10. This partial settlement agreement has been made for the sole and express purpose of reaching a compromise among the positions of the parties, without prejudice to their rights to

take the same, new or different positions in other proceedings. All offers of settlement and discussions relating to this partial settlement agreement shall be considered privileged under MRE 408. If the Commission approves this partial settlement agreement without modification, neither the parties nor the Commission shall make any reference to or use of this partial settlement agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references or use may be made to enforce the partial settlement agreement and any order approving it.

11. The terms of this partial settlement agreement are not severable. If the Commission does not accept this partial settlement agreement without modification this partial settlement agreement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

12. This partial settlement agreement is based on the facts and circumstances of this case and is intended for the partial disposition of Case No. U-15990. So long as the Commission approves this partial settlement agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this partial settlement agreement. Except as otherwise set forth herein, the parties agree and understand that this partial settlement agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

13. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues settled by this partial settlement agreement without modification.

Dated: December 4, 2009

MICHIGAN GAS UTILITIES CORPORATION

By: \_\_\_\_\_

Sherri A. Wellman (P38989)  
Miller Canfield Paddock & Stone, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, MI 48933

Dated: December 4, 2009

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: \_\_\_\_\_

Vincent J. Leone (P24093)  
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**Michigan Gas Utilities Corporation**  
**MPSC Case No. U-15990**

**Partial Settlement Agreement**  
**Exhibit A**

Continued From Sheet No. C-8.00

### **C3. CURTAILMENT OF GAS SERVICE (Contd.)**

#### **C3.1 Definitions. (Contd)**

- (m) **Residential gas requirements** shall include all direct natural gas usage for space heating, cooking, water heating, and other residential uses in a single family dwelling or in an individual flat or apartment; or to two or more households served by a single meter (one customer) in a multiple family dwelling, or portion thereof. A “multiple family dwelling” includes such living facilities as, for example, cooperatives, condominiums and apartments; provided each household within such multiple family dwelling has the normal household facilities such as bathroom, individual cooking and kitchen sink. A “multiple family dwelling” does not include such living facilities as, for example, penal or corrective institutions, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product, or service by a public or private person, entity, organization or institution.
- (n) **Supply deficiency** shall mean emergency situations whereby the Company is temporarily unable to procure gas supplies commensurate with its system requirements.
- (o) **System supply customer** shall mean those customers who purchase natural gas requirements from the Company

#### **C3.2 Curtailment of Gas Service.**

- (a) Company's Rights to Curtail

The Company recognizes its primary public service obligation is to maintain gas service to its customers. If, in the event of an emergency arising, for example, out of extreme cold weather, a pipeline system constraint condition, a supply deficiency, a capacity deficiency, a capacity restriction or other causes referred to as force majeure situations, the Company determines that its ability to deliver gas may become inadequate to support continuous service to its customers on its system, the Company shall have the right to partially or completely curtail service to its customers in accordance with the curtailment procedures set forth below, irrespective of the contracts in force. This plan applies to all gas sales, transportation and storage service provided by the Company. The Company will implement this curtailment plan throughout its system to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of customers in a specific portion of the Company's system may remedy the emergency.

Continued on Sheet No. C-10.00

Continued From Sheet No. D-5.00

#### **D4. RESIDENTIAL RATE - (General and Heating) (Contd)**

##### **RATE**

Customer Charge

**\$11.00** per customer per month plus

Distribution Charge

**\$1.5987** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. D-1.00.

Seasonal Service Charge

A charge of \$45.00 payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

##### **GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule C2.7.

##### **SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.

Continued on Sheet No. D-7.00

Continued From Sheet No. D-7.00

**D5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge: (See Sheet No. D-10.00 for meter classifications.)

Meter Class I	\$ <b>11.00</b> per customer per month plus
Meter Class II	\$ <b>33.00</b> per customer per month plus
Meter Class III	\$ <b>88.00</b> per customer per month plus
Meter Class IV	\$ <b>143.00</b> per customer per month plus

Distribution Charge: (See Sheet No. D-10.00 for meter classifications.)

Meter Class I	\$ <b>1.1929</b> per Mcf plus
Meter Class II	\$ <b>1.1929</b> per Mcf plus
Meter Class III	\$ <b>1.0629</b> per Mcf plus
Meter Class IV	\$ <b>1.0629</b> per Mcf plus

**Gas Cost Recovery Charge**

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

**Supplemental Charges**

This rate is subject to the Supplemental Charges set forth on Sheet No. D-1.00.

**Seasonal Service Charge**

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

**Late Payment Charge and Due Date**

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-9.00

Continued from Sheet No. D-10.00

**D6. SMALL GENERAL SERVICE RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge

**\$33.00** per customer per month plus

Distribution Charge

**\$1.1876** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. D-1.00.

Seasonal Service Charge

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Delayed Payment Charge and Due Date

A delayed payment charge of 2%, shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-12.00

Continued from Sheet No. D-12.00

**D7. LARGE GENERAL SERVICE RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge

**\$400.00** per customer per month plus

Distribution Charge

**\$1.0094** per Mcf plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges:

This rate is subject to the Supplemental Charges set forth on Sheet No. D-1.00.

Seasonal Service Charge

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Delayed Payment Charge and Due Date

A delayed payment charge of 2% shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-14.00

Continued from Sheet No. D-14.00

## **D8. GAS LIGHTING RATE**

### **AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

#### Rate Schedule

#### Distribution Charge

Residential -

**\$1.5987** per Mcf

Commercial -

**\$1.1876** per Mcf

Street Lights -

(In accordance with the terms of the service agreement)

#### Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

#### Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. D-1.00

### **RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company plus the following condition:

No additional gas burning devices may be attached to the service connection for light(s) served under this rate.

### **SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased special tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

Continued From Sheet No. E-12.00

**E5. TRANSPORTATION SERVICE AND RATES (Contd)**

**E5.3 AGGREGATION OF ACCOUNTS OPTION.**

- (b) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer’s agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.
- (c) The facility designated as the master account shall be subject to and billed under the provisions of its transportation tariff. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, except that each subsidiary account will pay the customer charge, distribution charge **and all applicable Supplemental charges as set forth on Sheet No. D-1.00** in effect for its designated sales or transportation rate, rather than the customer charge and transportation charge in effect for the master account.

**E5.4 RATES AND CHARGES**

Monthly Charges:	Transportation Service Rate		
	TR-1	TR-2	TR-3
Customer Charge Each Meter	\$825.00 / meter	\$2,250.00 / meter	\$3,050.00 / meter
Transportation Rates:			
Peak (November to March)	\$0.7777 per Mcf	\$0.4796 per Mcf	\$0.4651 per Mcf
Off-Peak (April to October)	\$0.6277 per Mcf	\$0.3296 per Mcf	\$0.3151 per Mcf

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (a) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (b) If the customer demands that heating value measurement equipment be installed.

Continued From Sheet No. E-13.00

## **E5. TRANSPORTATION SERVICE AND RATES (Contd)**

### **E5.5 GAS COST RECOVERY.**

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule C9 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 2.

### **E5.6 SUPPLEMENTAL CHARGES.**

This rate may be subject to the Supplemental Charges set forth on Sheet No. D-1.00.

### **E5.7 GAS IN KIND.**

The Company shall retain **0.55%** of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

### **E5.8 MONTHLY LOAD BALANCING.**

#### **MONTHLY IMBALANCES:**

As imbalances occur, the Company and the customer will attempt to correct them within the same month in which they occur. Failing such corrections, the Company will cash-out the imbalances as described below:

**ANNUAL CONTRACT QUANTITY (ACQ)** is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.

**AUTHORIZED TOLERANCE LEVEL (ATL)** is defined as 5% of the customer's ACQ. The Company is obligated to retain excess deliveries of gas on behalf of the customer up to its ATL, without additional charge.

**EXCESS DELIVERIES** are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.

**ATL BALANCE** is defined as the cumulative balance of excess deliveries from month to month, up to the customer's ATL. The ATL balance may be carried forward from month to month without additional charge. The Company will inform the customer of its current ATL balance along with its monthly billing.

Continued on Sheet No. E-15.00

**SECTION F  
CUSTOMER CHOICE (Rate CC)**

**GENERAL TERMS AND CONDITIONS OF THE TARIFF**

**F1. GENERAL PROVISIONS**

A Supplier desiring to supply gas to customers under Gas Customer Choice (GCC) Rate CC must receive a license from the Commission, register with the Staff of the Commission and execute an "Authorized Gas Supplier Agreement" with the Company prior to any solicitation of the Company's customers. Such agreement shall require compliance with all of the terms of this Rule F1 through F5.

**Alternative Gas Supplier (AGS) or Supplier** means a marketer, broker, producer, or other entity that has received a license from the Commission and executed an Authorized Gas Supplier Agreement with the Company to deliver gas supplies to customers under Rate CC.

**Program** means the Gas Customer Choice Program approved by the Commission.

**Enrollment:**

- (1) Customers may elect to participate in the Program and Suppliers may solicit customer participation at any time.
- (2) A customer who is a transportation or sales customer of the Company must comply with any minimum term requirements of those tariffs before being permitted to switch to Rate CC. **If a Customer is in arrears with the Company, the customer is not eligible to participate in the Program until arrearages have been paid in full to the Company.**
- (3) The customer's selection of a Supplier shall remain in effect until (i) terminated by the customer or the Supplier, or (ii) the Supplier becomes disqualified from participating in the Program, or (iii) the Company receives an enrollment for that customer from another Supplier. The Company shall incur no liability for relying on information from a customer or a Supplier which the Company believes to be genuine.
- (4) **Supplier Deposits:** A Supplier shall provide the Company, by the last day of the calendar month prior to the month in which the Supplier's customer commences service, a cash deposit in the amount of \$10.00 per Mcf for 10/365ths of the Company-estimated total annual load for those customers selecting that Supplier. The cash deposit shall be adjusted if the Company-estimated total annual load for those customers changes. As an alternative to a cash deposit, the Supplier may provide an irrevocable letter of credit from a financial institution, a surety bond, or a parental guarantee satisfactory to the Company in not less than the amount of the cash deposit. Any such letter of credit, surety bond or parental guarantee shall be in a form acceptable to the Company. The amount of cash deposit, letter of credit, surety bond or parental guarantee shall be applied against any unpaid charges and/or fees, as well as any price reconciliation liabilities, or liabilities associated with Supplier default. Cash deposit amounts not so applied shall be refunded to the Supplier if the Supplier ceases to serve customers under the Program.

The Company shall pay simple interest to each Supplier who makes a cash deposit for the time the deposit is held. The interest rate shall be the average monthly short-term borrowing rate available to the Company for each month, or months in which the deposit is held. Payment of the interest to the Supplier shall be made at least semi-annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, on the date the deposit is applied against any unpaid charges, fees or liabilities or the date that notice that the deposit is no longer required is sent to the Supplier's last known address.

Continued From Sheet No. F-14.00

### **GAS CUSTOMER CHOICE SERVICE (RATE CC) (Contd.)**

Service is available to all customers without limitation

A Rate CC customer may switch Suppliers at the end of any billing month provided the Company receives sufficient notice in a form acceptable to the Company. A customer may change Suppliers one time in any 12-month period at no cost to the customer. A fee of \$10 will be required for each change of Supplier within the same 12-month period. If a Supplier's actions force a Customer to the Company's sales service, the Customer may choose another Supplier within two billing cycles without a switching fee regardless of the length of time that has elapsed since the Customer left the Company's sales service. Except as set forth in the preceding sentence, a Customer returning to the Company's sales service rates from Rate CC is subject to the Rule C5.3(c), Selection of Rate, provisions of those sales rates and except as otherwise provided, must remain on the sales rate for 12 months.

#### **Minimum Term**

A customer who has elected to take service under Rate CC may switch or cancel supplier at any time. A customer who has elected to take service under Rate CC may return to the Company sales rate at anytime, subject to certain rules and conditions, but must remain on the sales rate for 12 months.

A customer may also change from Rate CC to another rate if:

- (1) the customer exercises an unconditional right of cancellation pursuant to Section F2 with the initial Supplier selected by the customer,
- (2) the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- (3) the Supplier's action forces the customer to the Company's sales service,
- (4) the Supplier selected by the customer defaults under its Authorized Gas Supplier Agreement, or
- (5) the Supplier selected by the customer has its Authorized Supplier status revoked or terminated.

#### **Nature of Service**

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, balancing charge, surcharges, penalties and taxes. The authorized Supplier's cost of gas charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas" as approved by the Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customer's authorized Supplier pertinent customer sales or transportation data.

A Rate CC customer's return to sales service is subject to Rule C2, Controlled Service.

#### **Monthly Rate**

##### **Customer Charge Or Service Charge**

As shown on the customer's applicable sales Rate Schedule.

Continued on Sheet No. F-16.00

**Michigan Gas Utilities Corporation**  
**MPSC Case No. U-15990**

**Partial Settlement Agreement**  
**Exhibit B**

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Summary of Present and Proposed Revenue by Rate Schedule  
Including Cost of Gas

U-15990

Line No.	MGUC Rate Schedule	Current Revenue \$	Proposed Revenue \$	Revenue Increase \$	Revenue Increase %
1	Residential	\$124,344,955	\$126,958,368	\$2,613,412	2.1%
2	Res MF Class I	252,291	255,597	3,305	1.3%
3	Res MF Class II	1,169,390	1,185,580	16,190	1.4%
4	Res MF Class III	279,991	282,148	2,157	0.8%
5	Res MF Class IV	589,016	592,592	3,575	0.6%
6	GS Small	46,485,832	47,118,786	632,954	1.4%
7	GS Large	4,304,978	4,326,045	21,068	0.5%
8	Special Contract	119,338	119,338	-	0.0%
9	TR-1	2,781,281	2,781,281	-	0.0%
10	TR-2	2,669,751	2,669,751	-	0.0%
11	TR-3	1,357,056	1,357,056	-	0.0%
12	Aggregated - Residential	11,983	12,659	676	5.6%
13	Aggregated - GS Small	1,143,917	1,191,640	47,723	4.2%
14	Aggregated - GS Large	63,859	65,748	1,889	3.0%
15	Customer Choice - Residential	865,135	929,095	63,960	7.4%
16	Customer Choice - GS Small	1,885,701	1,978,983	93,282	4.9%
17	Customer Choice - GS Large	-	-	-	0.0%
18					
19	<b>TOTAL MGUC</b>	<b>\$188,324,475</b>	<b>\$191,824,666</b>	<b>\$3,500,191</b>	<b>1.9%</b>
20					
21	Note: Gas costs are based on the March 16, 2009 NYMEX. Actual gas costs will be reconciled through the GCR mechanism.				

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Summary of Present and Proposed Revenue by Rate Schedule  
Excluding Cost of Gas

U-15990

Line No.	MGUC Rate Schedule	Current Revenue \$	Proposed Revenue \$	Revenue Increase \$	Revenue Increase %
1	Residential	\$37,437,367	\$40,050,779	\$2,613,412	7.0%
2	Res MF Class I	53,914	57,219	3,305	6.1%
3	Res MF Class II	257,925	274,115	16,190	6.3%
4	Res MF Class III	52,206	54,363	2,157	4.1%
5	Res MF Class IV	101,678	105,253	3,575	3.5%
6	GS Small	10,467,487	11,100,441	632,954	6.0%
7	GS Large	760,832	781,900	21,068	2.8%
8	Special Contract	119,338	119,338	0	0.0%
9	TR-1	2,781,281	2,781,281	0	0.0%
10	TR-2	2,669,751	2,669,751	0	0.0%
11	TR-3	1,357,056	1,357,056	0	0.0%
12	Aggregated - Residential	11,983	12,659	676	5.6%
13	Aggregated - GS Small	1,143,917	1,191,640	47,723	4.2%
14	Aggregated - GS Large	63,859	65,748	1,889	3.0%
15	Customer Choice - Residential	865,135	929,095	63,960	7.4%
16	Customer Choice - GS Small	1,885,701	1,978,983	93,282	4.9%
17	Customer Choice - GS Large	0	0	0	0.0%
18					
19	<b>TOTAL MGUC</b>	<b>\$60,029,430</b>	<b>\$63,529,621</b>	<b>\$3,500,191</b>	<b>5.8%</b>

20

21 Note: No gas costs are included in either the Current Revenues or the Proposed Revenues above.

**Michigan Gas Utilities Corporation**  
**MPSC Case No. U-15990**

**Partial Settlement Agreement**  
**Exhibit C**

**Michigan Gas Utilities Corporation  
UETM Allocation Factors**

<u>Line</u>	<u>Rate Schedule</u>	<u>Allocation Factor (1)</u>
1	Residential	62.3170%
2	Residential Multi-Family -- Class I	0.0890%
3	Residential Multi-Family -- Class II	0.4263%
4	Residential Multi-Family -- Class III	0.0859%
5	Residential Multi-Family -- Class IV	0.1670%
6	General Service Small	17.3174%
7	General Service Large	1.2503%
8	TR-1	4.6824%
9	TR-2	4.4946%
10	TR-3	2.2846%
11	Customer Choice - Residential	1.4565%
12	Customer Choice - Small General Service	3.1746%
13	Aggregated Transport - Residential	0.0202%
14	Aggregated Transport - Small General Service	1.9258%
15	Aggregated Transport - Large General Service	0.1075%
<b>16</b>	<b>TOTAL MGUC</b>	<b><u><u>99.7991%</u></u></b>

Note (1): Allocation factors do not sum to 100% because Special Contracts are not subject to the UETM.

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

In the matter of the application of Michigan Gas Utilities Corporation for authority to increase retail natural gas rates.	) ) ) ) )	Case No. U-15990
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**STATEMENT OF NON-OBJECTION**

1. On July 1, 2009, Michigan Gas Utilities Corporation ("MGUC") filed an Application in this case.
2. On August 3, 2009, a prehearing conference was held. At this prehearing conference, the case schedule was set, and the intervention of Constellation NewEnergy-Gas Division, LLC ("CNEG") was granted.
3. Staff, MGUC, and CNEG have engaged in extensive settlement negotiations, which negotiations have led to a partial settlement.
4. On December 7, 2009, an executed "Partial Settlement Agreement" between MGUC and Staff was filed in this docket.
5. CNEG does not object to the Partial Settlement Agreement and issuance of an order approving same.

**IT IS HEREBY STATED THAT**, pursuant to Rule 333 of the Commission's Rules of Practice and Procedure, there is no objection by Constellation NewEnergy-Gas Division, LLC to the Partial Settlement Agreement.

Dated: December 7, 2009

**John M.  
Dempsey**

Digitally signed by John M. Dempsey  
 DN: CN=John M.  
 Dempsey, E=jdempsey@dickinsonwright.com, O=Dickinson  
 Wright, OU=OU, C=US  
 Date: 2009.12.07 14:35:27 -05:00

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 Division, LLC