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C10. REFUND PROCEDURES

C10.1 Identification of Supplier Refunds.

Contained within Michigan Gas Utilities' annual GCR reconciliation shall be a standard exhibit which identifies all pipeline or other supplier refunds received (in the form of a check, bill credit, or wire transfer) during the year covered in the GCR reconciliation. The exhibit shall include:

- (i) The amount of each refund, including interest.
- (ii) Date received.
- (iii) Explanation of the reason for each refund.
- (iv) Period covered by each refund (historical refund period).

Additionally, if any portion of the refund is properly allocable to non-GCR customers, this allocation and amount, along with calculations of deductions therefrom for company use and lost-and-unaccounted-for volumes, shall also be included in the exhibit.

Failure of Michigan Gas Utilities to identify a refund within its GCR reconciliation shall result in an interest penalty of 50% over the normal authorized rate of return on common equity for the period of time that Michigan Gas Utilities fails to comply with the refund identification requirement.

C10.2 GCR Customer Refunds.

- (a) Supplier refunds.

A supplier refunds allocable to GCR customers shall be reflected as reductions to the GCR cost of Gas Sold in the month received, included in the Cost of Purchased and Produced Gas. No deductions will be necessary for Company Use and Lost and Unaccounted For Gas.

- (b) GCR Reconciliation.

Prior year GCR over/under-recoveries due to reconciliation provisions of Michigan Gas Utilities' GCR Clause shall be computed annually according to provisions of 1982 PA 304. Such over/under-recoveries and any Commission-ordered adjustments associated with the prior GCR year shall be reflected separately below the GCR Cost of Gas Sold line on the GCR Over/Under-Recovery Reconciliation report.

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Issued: January 2, 2008
By J F Schott
VP Regulatory Affairs
Green Bay, Wisconsin

Effective for Service
On and After: October 10, 2007

Issued Under Authority of
Michigan Public Service Commission
Dated: October 9, 2007
In Case No: U-15152

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C10. REFUND PROCEDURES (Contd)

C10.2 GCR Customer Refunds (Contd)

(c) Other Refunds.

All other gas cost-related refunds shall be reflected in the month the refund is received and shall be included on a separate line so that such refunds are readily identifiable.

C10.3 Non-GCR Customer Refunds.

- (a) All supplier refunds allocable to non-GCR customers shall be allocated on the basis of actual consumption during the historical refund period. Deductions for company use and lost and unaccounted for volumes shall be made from the non-GCR portion of the refund based upon the actual percentages for company use and lost and unaccounted for during the historical refund period.
- (b) Refunds may be implemented as soon as practicable by including a bill credit on the on-system non-GCR customers' bills and by issuing checks to the last known address of all past non-GCR customers which had consumption during the historical refund period. Refunds made to non-GCR customers pursuant to these procedures will be applied against any past due amounts owing to Michigan Gas Utilities. The amount, if any, in excess of the amount owed will be refunded in accordance with these procedures. Michigan Gas Utilities is not required to issue checks to customers for whom checks were returned as undeliverable in previous refunds nor to issue checks for less than \$5.00. After 90 days, any returned or uncashed checks shall be transferred to the refund liability account. Rights to any portion of a refund shall not vest until a refund check has been negotiated.
- (c) Refund completion reports for non-GCR refunds shall be submitted to the Michigan Public Service Commission Staff six months following completion of a non-GCR customer refund. Reports should, at a minimum, include the amount authorized for refund compared to the amount actually refunded and the date the refund was completed. Any undistributed amounts shall be recorded in a non-GCR refund liability account and distributed with interest to non-GCR customers in the next refund.

Continued on Sheet No. C-34.00

Issued: January 2, 2008
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VP Regulatory Affairs
Green Bay, Wisconsin

Effective for Service
On and After: October 10, 2007

Issued Under Authority of
Michigan Public Service Commission
Dated: October 9, 2007
In Case No: U-15152