

Retired Electric Utility Rate Book

The entire rate book entitled SEMCO Energy Gas Company – MPSC No. 2, with approved rate schedules, rules, regulations, and standard forms, was retired January 7, 2011, in compliance with the Commission's Order in Case No. U-16169 issued on January 6, 2011.

SEMCO ENERGY GAS COMPANY
(A Division of SEMCO ENERGY, INC.)

**RATE BOOK
FOR
NATURAL GAS SERVICE**

These Standard Rules and Regulations and Rate Schedules contained herein have been adopted by the Company to govern its relations with customers and have been approved by the Michigan Public Service Commission as an integral part of its Rate Book for Natural Gas Service.

Copies of the Company's Rate Book for Natural Gas Service are available on Semco Energy's Company website at the following website address, <http://www.semcoenergygas.com/about/tariffs.html> or at the Michigan Public Service Commission's website at the following website address, <http://www.michigan.gov/mpsc/0,1607,7-159-16385-110722--,00.html>.

Territory

This Rate Book for Natural Gas Service applies to the entire territory served with Natural Gas by the Company.

**THIS RATE BOOK SUPERSEDES AND CANCELS RATE BOOK
M.P.S.C. No. 1 – Gas**

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

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Issued May 28, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
May 29, 2008
Filed <u>RL</u>

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Michigan Public Service
Commission

January 8, 2008

Filed 

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed <u> </u>

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Issued October 22, 2009 by
Michael V. Palmeri
Exec. V.P. and C.F.O.
Port Huron, MI

Michigan Public Service Commission
October 29, 2009
Filed <u>RL</u>

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Issued December 27, 2010 by
Michael V. Palmeri
Exec. V.P. and C.F.O.
Port Huron, MI

Michigan Public Service Commission
January 4, 2011
Filed <u> </u> MKS

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Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI

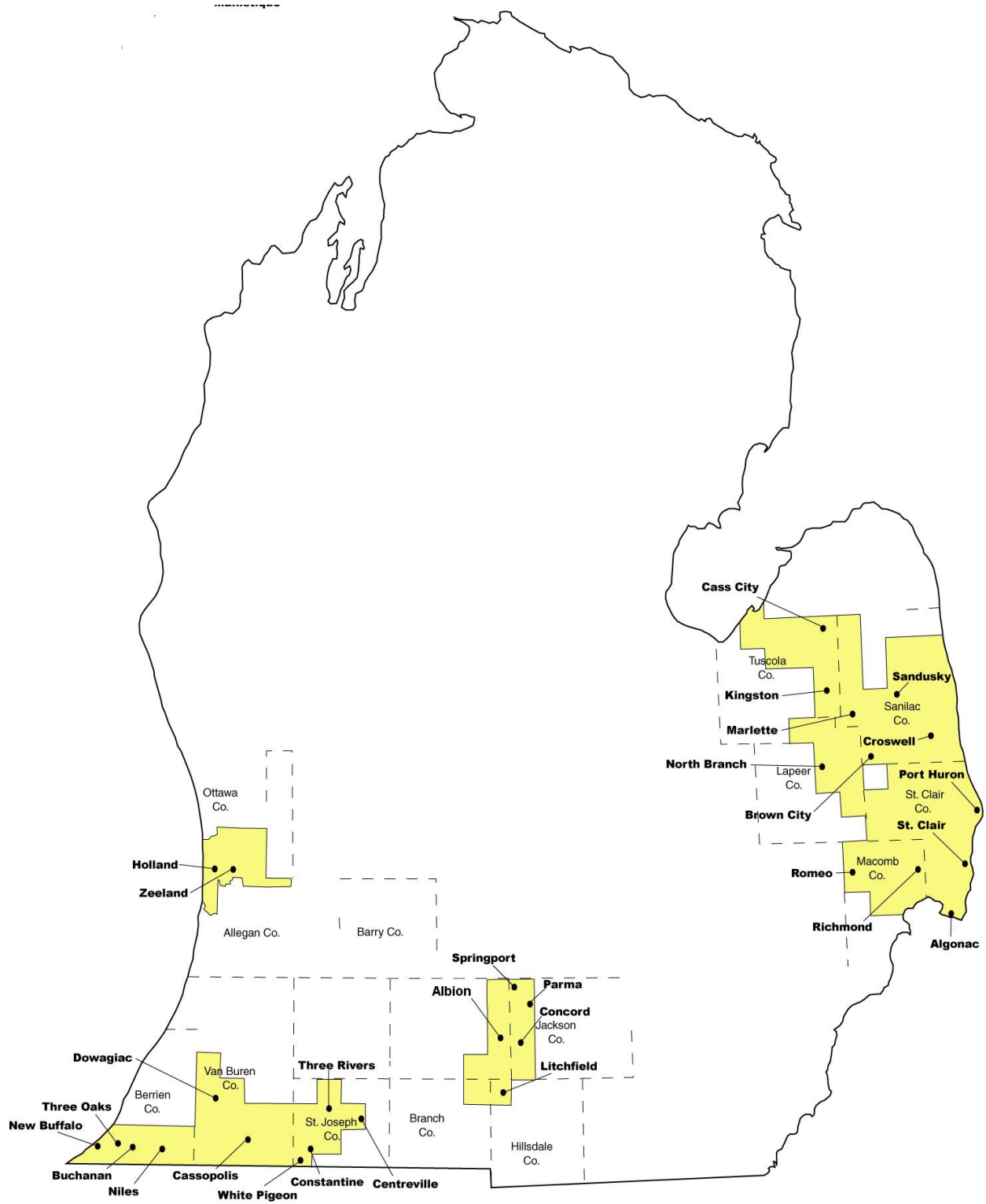
Michigan Public Service Commission
January 4, 2011
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Issued September 15, 2010 by
Michael V. Palmeri
Exec. V.P. and C.F.O.
Port Huron, MI





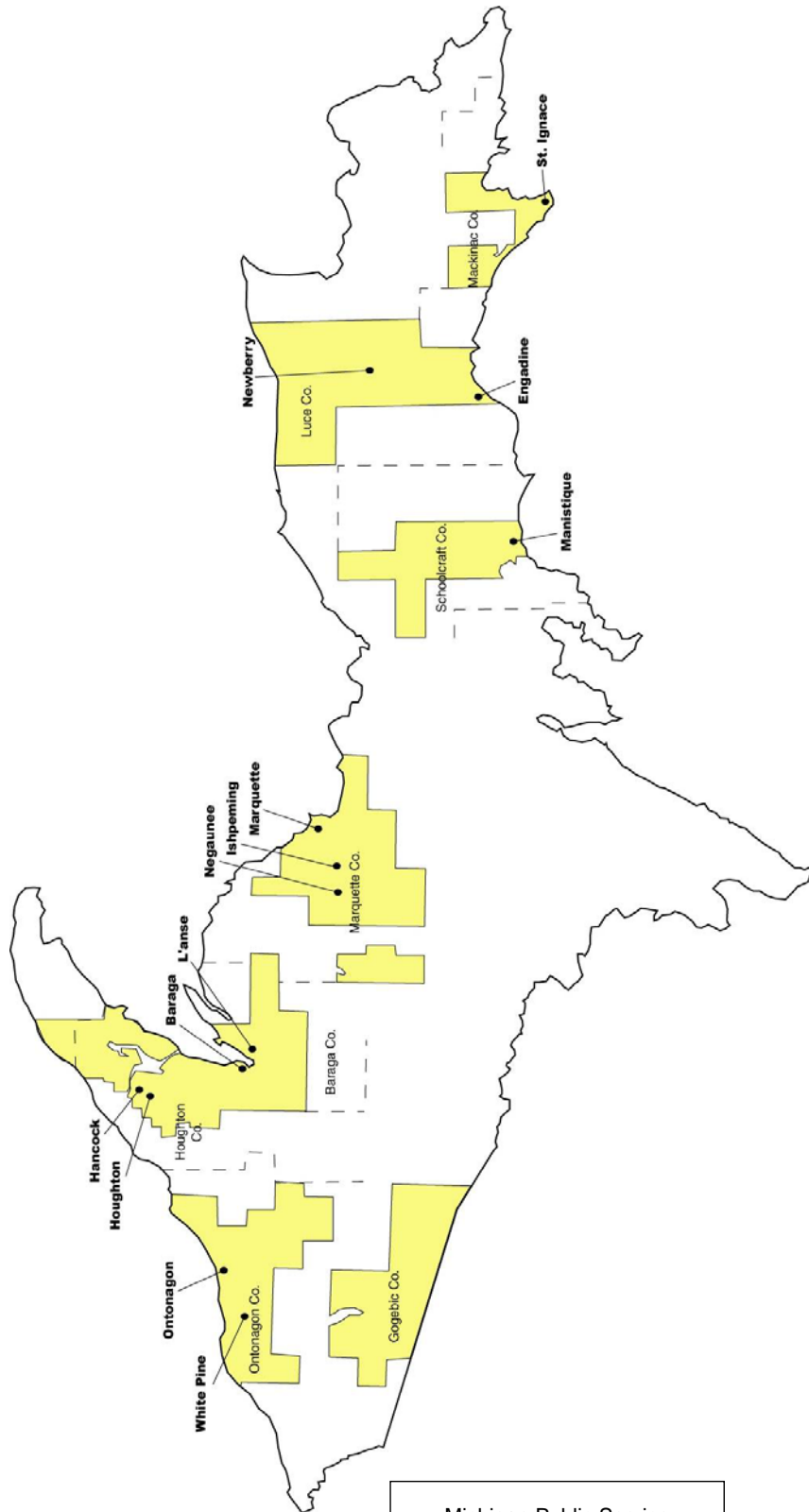
Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service
Commission

January 8, 2008

Filed AL

Continued on Sheet No. A-10.00



Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service
Commission

January 8, 2008

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TERRITORY SERVED

City:	Village of:	Township of:	
OPERATIONAL DISTRICT - CENTRAL			
CALHOUN COUNTY			
Albion	Homer	Albion Clarence Homer	Claredon Eckford Sheridan
EATON COUNTY			
		Brookfield	
HILLSDALE COUNTY			
Litchfield		Litchfield	
JACKSON COUNTY			
	Concord Parma Springport	Concord Pulaski Spring Arbor Tompkins	Parma Sandstone Springport
OPERATIONAL DISTRICT – EASTERN			
LAPEER COUNTY			
	Clifford North Branch	Almont Attica Burnside Imlay North Branch	Arcadia Burlington Goodland Mayfield Rich
MACOMB COUNTY			
Memphis New Baltimore Richmond	Armada New Haven Romeo	Armada Chesterfield Macomb Richmond Washington	Bruce Lenox Ray Shelby
OAKLAND COUNTY			
		Addison	
ST. CLAIR COUNTY			
Algonac Marine Marysville Memphis Port Huron St. Clair Yale	Emmett City	Berlin Burtchville China Clyde Cottrellville Emmett Grant Ira Kimball Riley Wales	Brockway Casco Clay Columbus East China Fort Gratiot Greenwood Kenockee Port Huron St. Clair

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TERRITORY SERVED

City:	Village of:	Township of:	
OPERATIONAL DISTRICT – Eastern – continued			
SANILAC COUNTY			
Brown City	Applegate	Bridgehampton	Buel
Croswell	Carsonville	Custer	Elk
Sandusky	Deckerville	Elmer	Evergreen
	Lexington	Flynn	Forester
	Marlette	Fremont	Greenleaf
	Melvin	Lamotte	Lexington
	Peck	Maple Valley	Marion
	Port Sanilac	Marlette	Sanilac
		Speaker	Washington
		Watertown	Wheatland
		Worth	
TUSCOLA COUNTY			
	Cass City	Akron	Almer
	Kingston	Columbia	Elkland
		Ellington	Elmwood
		Kingston	Koylton
		Novesta	Wisner
OPERATIONAL DISTRICT – SOUTHWESTERN			
BERRIEN COUNTY			
Buchanan	Galien	Bainbridge	Bertrand
New Buffalo	Grand Beach	Buchanan	Chikaming
Niles	Michiana Shore	Galien	Lake
	Three Oaks	New Buffalo	Niles
		Three Oaks	Weesaw
CASS COUNTY			
Dowagiac	Cassopolis	Calvin Howard	Howard
	Edwardsberg	Jefferson	La Grange
		Mason	Milton
		Newberg	Ontwa
		Penn	Pokagon
		Porter	Silver Creek
		Wayne	
ST. JOSEPH COUNTY			
Three Rivers	Centreville	Constantine	Fabius
	Constantine	Florence	Flowerfield
	White Pigeon	Lockport	Mendon
	Mottville	Nottawa	Park Sherman
	White Pigeon		

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

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TERRITORY SERVED

City:	Village of:	Township of:	
OPERATIONAL DISTRICT – SOUTHWESTERN – continued			
VAN BUREN COUNTY			
		Keeler	
OPERATIONAL DISTRICT – WESTERN			
ALLEGAN COUNTY			
Holland		Fillmore Manlius Salem	Laketown Overisel Saugatuck
OTTAWA COUNTY			
Holland		Allendale	Blendon
Zeeland		Georgetown	Holland
		Jamestown	Olive
		Park	Port Sheldon
	Robinson	Zeeland	
OPERATIONAL DISTRICT – UPPER PENINSULA EAST			
BARAGA COUNTY			
	Baraga L’Anse	Baraga	L’Anse
LUCE COUNTY			
	Newberry	McMillan	Pentland
MACKINAC COUNTY			
St. Ignace	Engadine	Garfield St. Ignace	Moran
SCHOOLCRAFT COUNTY			
Manistique		Hiawatha	Manistique

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service
Commission
January 8, 2008
Filed 

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TERRITORY SERVED

City:	Village of:	Township of:	
OPERATIONAL DISTRICT – UPPER PENINSULA WEST			
GOGEBIC COUNTY			
	Marenisco	Marenisco	Watersmeet
HOUGHTON COUNTY			
Hancock Houghton	South Range	Adams Franklin Portage	Chassell Osceola Quincy
MARQUETTE COUNTY			
Ishpeming Marquette Negaunee		Chocolay Forsyth Marquette Republic Sands West Branch	Ely Ishpeming Nequanee Richmond Tilden
ONTONAGON COUNTY			
	Ontonagon White Pine	Carp Lake Rockland	Ontonagon Stannard
OPERATIONAL DISTRICT – UPPER PENINSULA WEST (2)			
HOUGHTON COUNTY			
	Calumet Lake Linden Laurium Dollar Bay Tamarack Mills Hubbell	Calumet Torch Lake	Osceola Schoolcraft

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

**SECTION A
SUPPLEMENTAL UTILITY SERVICE CHARGES
FOR ALL CUSTOMERS**

The charges shown on this sheet are not subject to approval by the Michigan Public Service Commission. The Company will make changes in these charges from time to time to include the current prices for the services offered.

LABOR CHARGES

Where service by the Company is performed for which the customer is responsible and the charge for the service is based upon Time and Materials (T & M), the labor charge shall be:

Regular Rates – \$75.00 per hour per employee (\$50.00 minimum charge).

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued on Sheet No. A-16.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued from Sheet No. A-15.00

METER TEST CHARGE

The charge for a gas meter test when applicable per B.1.5.51 (Rule R460.2351) will be based upon time and materials.

ELEVATED PRESSURE CHARGE

Where a customer requires the Company to provide gas service at an elevated pressure (a pressure higher than standard pressure), the customer shall pay an initial charge of \$300 and shall pay an additional \$100 for each annual inspection of the system pressure there after. Elevated pressure provided at 2.0 p.s.i. for residential use shall be exempt from such charge.

ADDITIONAL METER BRACKET CHARGE

Where the Company sets an additional meter bracket from a single service at the same time as the Company installs the first meter bracket, the customer shall be subject to the charges directed by Rule C9, Customer Attachment Program.

Where the Company installs an additional meter bracket from a single service line at a time other than when the original meter bracket is installed, the charge shall be \$200.

SERVICE LINE AND/OR METER RELOCATION CHARGE

A charge for a customer requested meter relocation shall be based upon time and materials

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Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

**SECTION A
TECHNICAL TERMS AND ABBREVIATIONS
FOR ALL CUSTOMERS**

British Thermal Unit -- The quantity of heat that must be added to 1 avoirdupois pound of pure water to raise its temperature from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit under standard pressure. Standard pressure is 30 inches mercury at 32 degrees Fahrenheit or 14.73 pounds per square inch absolute and with acceleration due to gravity equal to 32.174 feet per second.

Btu -- British thermal unit.

Ccf -- 100 cubic feet.

Cfh -- Cubic feet per hour.

Commission -- The Michigan Public Service Commission.

Company --SEMCO ENERGY GAS COMPANY.

Cubic Foot of Gas:

(A) If gas is supplied and metered to a customer at the standard delivery pressure of domestic appliances, a cubic foot of gas means that volume of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot, except where a temperature compensating device is built into the meter, in which case a cubic foot of gas means that quantity of gas which, at the pressure existing in the meter and the temperature corrected to 60 degrees Fahrenheit, occupies one cubic foot.

(B) For billing purposes, a standard cubic foot of gas is that quantity of dry gas, which, at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch, occupies 1 cubic foot. The Commission may, however, approve a different absolute pressure base.

(C) For testing purposes, such as testing for heating value, a standard cubic foot of gas is that quantity of gas which, when saturated with water vapor at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch, occupies 1 cubic foot.

(D) For all reports to the Commission, a cubic foot of gas means that volume of gas which when dry, at 60 degrees Fahrenheit and at absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.

Customer -- Individual or business, excluding other gas utilities, that purchases gas or transportation services, or both, on the utility's system.

Hazardous Condition -- Any condition which the utility determines poses an immediate and serious threat to the health, safety, or welfare of a customer or the general public and which requires immediate action.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

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Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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Liquefied Petroleum Air Mixture -- A gas produced by mixing an appropriate quantity of air with propane vapor, butane vapor, or a mixture of such vapors.

LP - Air - Gas -- Liquefied Petroleum air gas.

LPG -- Liquefied petroleum gas.

Mcf -- 1,000 cubic feet.

Meter -- Unless otherwise qualified, a device of a utility used in measuring a quantity of gas.

Meter Accuracy -- The volume that is measured by a meter as a percent of the actual volume that flowed through the meter as measured by a working standard.

Mixed Gas -- A gas that is produced by mixing natural gas with any of the following:

- (A) Air.
- (B) Inert gas.
- (C) Liquefied petroleum gas.
- (D) Liquefied petroleum gas-air mixture.
- (E) Other flammable gas.
- (F) Substitute natural gas.

Premises -- Land or real estate, including buildings and other appurtenances thereon.

Potentially hazardous condition -- Any condition that the utility determines has the potential to become a hazardous condition, but which does not require immediate action. All of the following are examples of potentially hazardous conditions:

- (A) Customer failure to permit the utility to perform inspections and maintenance on the utility's facilities in or on the customer's premises.
- (B) Customer alterations or modifications of the utility's facilities located in or on the customer's premises.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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(C) Customer construction of a structure or appurtenance near or over the main, service line piping, or meter set assembly so that the utility's facilities are not in compliance with the provisions of the Michigan Gas Safety Standards or the utility's standards.

(D) Customer failure to correct or replace gas utilization equipment or gas fuel line piping that has been previously identified and classified as potentially hazardous by the utility.

Rate Book -- The assembled rate schedules, rules, regulations, and standard forms of the utility as filed with the commission.

Required Access -- Access that is necessary to conduct any of the following:

(A) Routine inspections and maintenance.

(B) Meter readings of gas usage.

(C) Scheduled replacement, repairs, relocations, or disconnection of branch service lines or other changes with respect to service lines and meter assembly piping.

SNG -- Substitute natural gas.

Substitute Natural Gas -- Gas which is interchangeable and compatible with natural gas, and which is manufactured from carbon and hydrogen-bearing materials.

Therm -- 100,000 British thermal units.

Utility -- A person, firm, corporation, cooperative, association, or agency which is subject to the jurisdiction of the commission and which delivers or distributes and sells gas to the public for heating, power, or other residential, commercial, or industrial purposes.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
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R 460.2101 (revised to R 460.101) et seq. are the Consumer Standards and Billing Practices for Electric and Gas Residential Service .

R 460.14001 (revised to R 460.20101) et seq. are the Michigan Gas Safety Standards. See Rule B9.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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B1. TECHNICAL STANDARDS FOR GAS SERVICE (R 460.2301 - R 460.2383) (FOR ALL CUSTOMERS)
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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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B2. CONSUMER STANDARDS AND BILLING PRACTICES FOR ELECTRIC AND GAS RESIDENTIAL SERVICE (R 460.101 - R 460.169) (Contd)

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



(Continued on Sheet No. B-5.00)

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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B2. CONSUMER STANDARDS AND BILLING PRACTICES FOR ELECTRIC AND GAS RESIDENTIAL SERVICE (R 460.101 - R 460.169) (Contd)

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(Applicable to nonresidential customers)

http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin_Num=46001601&Dpt=LG&RngHigh

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Issued May 28, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
May 29, 2008
Filed 

Effective for service rendered on
and after May 21, 2008.
Issued under authority of the
Michigan Public Service Commission
dated May 20, 2008
in Case No. U-14852.

(Continued From Sheet No. B-5.00)

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- R 460.1638 Informal appeal decision.
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- R 460.1640 Scope of rules

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* Waivers may have been granted by the Commission to the Company for certain portions of the administrative rules below .

- B5. PRACTICE AND PROCEDURES BEFORE THE COMMISSION R 460.17101 - R 460.17701
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- B6. FILING PROCEDURES FOR ELECTRIC, WATER, STEAM AND GAS UTILITIES R 460.2011 - R 460.2031
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- B7. RESIDENTIAL CONSERVATION PROGRAM STANDARDS R 460.2401 - R 460.2414
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Issued May 28, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Continued on Sheet No. B-7.00

Effective for service rendered on
and after May 21, 2008.
Issued under authority of the
Michigan Public Service Commission
dated May 20, 2008
in Case No. U-14852.

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- B8. PRESERVATION OF RECORDS OF ELECTRIC, GAS AND WATER UTILITIES R 460.2501 - R 460.2582
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- B9. MICHIGAN GAS SAFETY STANDARDS R 460.20101 - R 460.20606
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- B10. PRODUCTION AND TRANSMISSION OF NATURAL GAS R 460.851 - R 460.875
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- B11. UNIFORM SYSTEM OF ACCOUNTS FOR MAJOR AND NONMAJOR GAS UTILITIES R 460.9021, R 60.9039
http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin_Num=46009021&Dpt=CI&RngHigh=
- B12. RATE CASE FILING REQUIREMENTS FOR MAJOR GAS UTILITIES
http://www.cis.state.mi.us/mpsc/orders/archive/pdfs/U-10039_01-17-1992.PDF

Issued May 28, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
May 29, 2008
Filed _____ 

Effective for service rendered on
and after May 21, 2008.
Issued under authority of the
Michigan Public Service Commission
dated May 20, 2008
in Case No. U-14852.

**SECTION C
COMPANY RULES AND REGULATIONS
(FOR ALL CUSTOMERS)**

These General Rules and Regulations for all customers are not to supersede but are in addition to Rule B1., Technical Standards for Gas Service, Rule B2., Consumer Standards and Billing Practices for Residential Customers, and Rule B4., Commercial and Industrial Billing Practices.

C1. CHARACTERISTICS OF SERVICE

C1.1 Gas Supply and Company Liability:

The Company does not guarantee, but will endeavor to furnish, a continuous supply of gas and to maintain pressure within reasonable limits. The Company shall not be liable for loss or damage which the customer may sustain by accidents, repairs or otherwise, or incurred by the use of gas or appliances or presence of the Company's property on the customer's premises. Nor shall the Company be held liable for loss or damage occurring under or by virtue of the exercise of authority or regulation by governmental, military or lawfully established civilian agencies, or due to conditions or causes beyond the Company's control.

If the supply of natural gas diminishes to the point where continuous service to other customers is threatened, the Company shall have the right to limit or discontinue the use of service for its industrial customers, irrespective of the contracts in force, as provided for in rule C3.

Before purchasing equipment or installing piping, the customer shall secure from the Company, in writing, the characteristics of the service available.

C1.2 Discontinuance of Supply or Service:

The Company shall have the right at any time to terminate its service contract for breach of any of the terms and conditions thereof. The Company shall also have the right to stop service of gas to be furnished thereunder, without notice, for any of the following reasons or purposes, without such action causing a termination of such agreement:

- A. For the purpose of making repairs or extensions;
- B. On account of or to prevent fraud or abuse;
- C. For violation of any of the Company's regulations;

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Continued On Sheet No. C-2.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C1.2 Discontinuance of Supply or Service: (Contd)

- D. For the reason that the customer's service is detrimental to the service in general or in his immediate locality;
- E. When made incompatible with order, ordinances, or laws of the United States of America, the State of Michigan or any political subdivision thereof;
- F. Upon proper notice for nonpayment of bill;
- G. If the customer's equipment is not approved by any local governmental agency in charge of such matters.

C1.3 Heating Installations:

The Company will have the right to refuse to connect and serve central heating installations in which gas is the only or the principle fuel used, where such installations are, in the opinion of the Company, unsafe or dangerous to operate. The safety of equipment shall be judged by, but not limited to, compliance with the following:

- A. All gas conversion burners to be installed shall either be A.G.A certified or approved by the Company and all gas designed heating plants shall either meet A.G.A. requirements or be approved by the Company.
- B. Conversion burners must be properly sized for safe operation in the heating plant being converted.
- C. No conversion burner shall be connected which is installed in a furnace in which its operation would be dangerous because of the condition of the furnace, chimney, or flue.
- D. No gas heating equipment shall be connected, the operation of which would be dangerous because of improper installation.
- E. No gas heating equipment shall be connected which does not have adequate shut-off controls for safe operation.

C1.4 Unusual Cost:

Any unusual cost incurred specifically for an individual customer, and not ordinarily necessary for the furnishing of gas service to the customer, shall be paid by the customer for whom such unusual cost is incurred. Such unusual cost shall be in addition to the charge for gas service provided in the applicable rate schedule, and such additional charge shall be subject to review by the Michigan Public Service Commission upon petition by such customer.

C1.5 Invalidity of Oral Agreements or Representations:

No employee or agent of the Company is authorized to modify or supplement the terms and conditions of this Schedule of Gas Rates Governing the Sale of Natural Gas Service or any contract by oral agreement or representation, and no such oral agreement or representation shall be binding upon the Company.

Continued On Sheet No. C-3.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C.2 CONTROLLED SALES SERVICE - GAS ALLOCATION PROCEDURE

C2.1 Scope

This rule provides the Company with the authorization to control the attachment of sales service load, consistent with changes in gas supply as they occur. The Company reserves the right to discontinue service to any customer who violates any of the provisions of this rule.

C2.2 Application for Service

- A. All customers requesting gas sales service shall make written application for such service on a form provided by the Company. Written application for residential service may be waived by the Company when warranted by gas supply conditions.
- B. Applications shall be maintained separately by priority of service and date received for prospective customers within each of the Company's gas supply areas.

C2.3 Approval of Application for Service

- A. As the Company is able to contract for gas supplies at reasonable and prudent prices, terms and conditions, applications for service shall be approved subject to the following:
 - 1. Approval shall be on a first-come, first-served basis within each Controlled Service Priority.
 - 2. The Company shall open the highest Priority first. If all the applicants within that Priority are granted service, and sufficient supply is available, the next highest Priority shall be opened.
 - 3. If the available supply is committed before granting all applicants service, then those applicants who do not receive service shall have their standing reserved within their Priority, but shall not receive preference over a later applicant who qualified for a higher Priority, when gas becomes available and Priorities are again opened.
 - 4. An applicant whose Priority is open at the time of application may be granted immediate approval through written notification by the Company, provided such applicant demonstrates to the satisfaction of the Company that the construction and installation of the necessary equipment will proceed in a timely manner.
 - 5. An applicant whose Priority is closed at the time of application, such that gas sales service is not initially granted, shall have that application for service kept on file by Priority and by the date the application was received.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Continued On Sheet No. C-4.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
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- B. The Company may not grant sales service to new customers or permit additional load by existing customers, if:
 - 1. The Company is curtailing any customers in the affected service area due to a long term Capacity Deficiency under the provisions of Rule C3, Curtailment of Gas Service.
 - 2. The Company is curtailing any customers due to a long term Gas Supply Deficiency under the provisions of Rule C3, Curtailment of Gas Service; except that the Company may attach controlled service Priority One or Priority Two customers provided no customers in Curtailment Priority Three are being curtailed.
- C. The Company reserves the right to attach new interruptible loads.
- D. The written notification by the Company granting approval of the application shall specify the date gas sales service must commence.

C2.4 Forfeiture

- A. A customer shall install the necessary equipment and commence gas sales service by the date specified in the Company's notification of approval, otherwise the customer's reservation of gas supply is forfeited.
- B. When the Company grants approval in those cases where the Application for Gas Service was not initially granted, the customer shall notify the Company in writing within thirty days (from the date of the Company's written notification of approval) of the customer's intention to accept service. If the customer does not respond within thirty days, the customer's original application is void.

C2.5 Restricted Sales

As a result of warmer-than-normal weather, or other factors, the Company may have gas in excess of its immediate load. The Company may sell such excess gas subject to:

- A. The requirements of present and future system supply customers of the Company.
- B. The sale of such gas *causes* no detriment to its *system supply*.
- C. The Gas Supply Deficiency Curtailment Priority *Five* of Rule C3, Curtailment of Gas Service for all special contract sales of such gas.
- D. Commission approval of such sales on a special contract basis, limited as to time and volume.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C2.6 Priorities

- A. Service shall be controlled under this rule in accordance with the following Priorities. Priority One constitutes the highest Priority. Priority Six constitutes the lowest Priority which will be the first Priority controlled. Within each Priority, sub-priority (1.) shall have the highest priority and sub-priority (3.) the lowest Priority.

PRIORITY 1

1. Residential gas requirements for any purpose, except space-heating or airconditioning.
2. Residential gas requirements for space-heating or air-conditioning.
3. Commercial gas requirements having a peak usage less than 50 Mcf per day.

PRIORITY 2

1. The use of natural gas for services essential for public health and safety.
2. The use of natural gas for essential agricultural requirements.

PRIORITY 3

1. Industrial gas requirements for process and feedstock needs or for gas-fired after burners to limit or abate obnoxious odors or air pollution.
2. Industrial gas requirements having a peak usage less than 50 Mcf per day and not otherwise classified.

PRIORITY 4

1. Commercial and Industrial gas requirements having a peak usage of 50 Mcf per day and greater and not otherwise classified.
2. Commercial and Industrial gas requirements for co-generation having alternate fuel capability and a peak usage of 50 Mcf per day, but less than 300 Mcf per day.
3. Commercial and Industrial gas requirements for co-generation having alternate fuel capability and a peak usage of 300 Mcf per day or greater.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
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PRIORITY 5

1. Commercial and Industrial requirements for boilers or kilns having alternate fuel capability and a peak usage of 50 Mcf per day but less than 300 Mcf per day.
2. Commercial and Industrial requirements for boilers or kilns having alternate fuel capability and a peak usage of 300 Mcf per day or greater.

PRIORITY 6

The use of natural gas for the generation of steam or electricity by utilities.

- B. A customer who has a pollution problem which presents a threat to the public health and safety, where the use of natural gas offers the only feasible solution to the problem, may petition the Commission to assign a Priority of use higher than that to which the customer would otherwise be entitled. The matter will be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.

C2.7 Definitions

- A. Alternate fuel capability means that an alternate fuel could have been used whether or not the facilities for use have actually been installed or the alternate fuel is available.
- B. Boilers shall mean all closed vessels in which a liquid is heated or vaporized by the combustion of fuel for the generation of steam or hot liquid.
- C. Co-generation shall mean the sequential production of both electrical (or mechanical) and thermal energy from the same fuel source.
- D. Commercial gas requirements shall refer to any usual commercial use of gas including but not limited to all gas purchased by a business which does not qualify for a manufacturing industry code under the Standard Industrial Classification, as listed in the current edition of the Standard Industrial classification Manual issued by the Executive Office of the President of the United States.
- E. Essential Agricultural Requirements means any use of natural gas for agricultural production, natural fiber production and processing, food processing, food quality maintenance, irrigation pumping crop drying, or a process fuel or feedstock in the production of fertilizer, agricultural chemicals, animal feed or food; provided, however, that boilers, gas turbines and engines which have alternate fuel capability shall not qualify as essential agricultural requirements without the express authorization of the Michigan Public Service Commission. The matter will be considered by the Commission pursuant to its Rules of Practice relating to petitions or complaints.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
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- F. Feedstock gas is natural gas used as a raw material for its chemical properties in creating an end product.
- G. Industrial gas requirements shall refer to any usual industrial use of gas, including but not limited to all gas purchases under the Standard Industrial Classification, listed in the current edition of the Standard Industrial Classification Manual, issued by the Executive Office of the President of the United States.
- H. Process gas is natural gas used in appliances capable of burning a gaseous fuel so as to utilize those combustion characteristics of gaseous fuels such as complete combustion, safe combustion products flame geometry, ease of temperature control to precise levels, and optimum safety of heat application. Specifically excluded are boilers, gas turbines, space heating equipment (other than direct fired makeup air heaters for process purposes) and indirect air heaters.
- I. Requirements for services essential for public health and safety shall mean gas purchased for use by or in connection with hospitals, convalescent homes, nursing homes, medical centers and clinics; water and sewage treatment and waste disposal facilities; civil defense centers and public utility buildings; newspapers, radio and television stations; fire stations, police stations, jails and penal institutions; and such other uses of gas are found qualified by the Michigan Public Service Commission as requirements of services essential for public health and safety; provided, however, that boilers, turbines and engines which have alternate fuel capability shall not qualify as requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission. The matter will be considered by the Commission pursuant to its Rules of Practice relating to petition or complaints.
- J. Residential gas requirements shall include all gas usage metered and consumed within an individual household, and reasonably appurtenant and related to and normally associated with such a household, for such applications as space conditioning, cooking, water heating, refrigeration, clothes drying, incineration, lighting and other similar household applications. The term "household" includes single-family homes, farm homes, seasonal dwellings, duplexes and individual living units within mobile home parks, condominiums, apartments and cooperatives; provided, however, to qualify for residential usage a household must have the normal household facilities such as bathroom, individual cooking and kitchen sink facilities.

Continued On Sheet No. C-8.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C3 CURTAILMENT OF GAS SERVICE

C3.1 Definitions

The following terms used in this Rule have the meanings hereinafter set forth:

- A. Blanket certificate customer is a transportation customer who has contracted with the Company to transport gas in interstate commerce pursuant to a blanket certificate issued to the Company by the Federal Energy Regulatory Commission.
- B. Capacity deficiency shall mean emergency situations whereby anticipated load temporarily exceeds the capacity of the Company's pipeline system to deliver volumes commensurate with such load, but such that the full design capacity of the system is unaffected. See Section C3.2 D(2). of this rule.
- C. Capacity restriction shall mean restriction due to damage to the Company's facilities such that the full design capacity of the pipeline system is not available. See Section C3.2 D(1). of this rule.
- D. Commercial gas requirements shall include all service to customers engaged primarily in the furnishing or sale of goods or services including schools, local, state and federal government agencies and other public or private institutions for use other than those involving manufacturing or electric power generation.
- E. Customers, unless otherwise specified, shall mean sales customers, transportation customers and storage customers.
- F. Deliveries shall mean both transportation and sales volumes.
- G. End use customer is a customer under the Company's sales and transportation rate schedules where the gas is used or consumed on the customer's premises to which the gas was delivered.
- H. Force majeure shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricane warnings), extreme cold weather, crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances. Force majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery or lines of pipe; the necessity of testing (as required by governmental authority or as deemed necessary by the Company for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights of way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably within the control of the Company. It is understood that the settlement of strikes and lockouts or controversies with landowners involving rights of way shall be entirely within the Company's discretion and that the above requirements that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Company.

Continued On Sheet No. C-9.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



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and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
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- I. Industrial gas requirements shall include all service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
- J. Requirements for plant protection shall mean such minimum volumes of gas required to prevent physical harm to the plant facilities or danger to plant personnel when such protections cannot be afforded through the use of alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production.
- K. Requirements for services essential for public health and safety shall mean gas purchased for food processing and for use by or in connection with hospitals, convalescent homes, nursing homes, medical centers and clinics, water and sewage treatment and waste disposal facilities; civil defense centers and public utility buildings; newspapers, radio and television stations; fire stations, police stations, jails and penal institutions; and such other uses of gas as are found qualified by the Michigan Public Service Commission as requirements for services essential for public health and safety; provided, however, that requirements for boilers which have alternate fuel capability shall not qualify requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission.
- L. Residential gas requirements shall include 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 with 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, 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.
- M. Supply deficiency shall mean emergency situations whereby the company is unable to procure adequate gas supplies to meet the demand requirements of its firm system supply customers and firm balancing service to its Transportation customers and that required for the Company's system operations.
- N. System supply customer shall mean those customers who purchase natural gas requirements from the Company.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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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 out of causes referred to as force majeure situations, the Company determines that its ability to deliver gas may become inadequate to support service to its customers on its system, the Company shall have the right to partially or completely curtail service to each of its customers in accordance with the order of curtailment set forth below, irrespective of the contracts in force.

1. This plan applies to all gas sales, transportation and storage service provided by the Company.
2. In implementing this curtailment plan, the Company will take into account the extent to which curtailment of customers in a specific portion of the Company's system may or may not remedy the emergency. Thus, curtailment may be limited to certain portions of the Company's system.
3. If a curtailment of firm gas deliveries becomes necessary, the Company shall provide notice to the Commission and all affected customers of the nature, probable duration and extent of such curtailment. Such notice will be given as far in advance as possible. The Company will curtail customers in a nondiscriminatory manner.

B. Steps Prior to Curtailment of Firm Gas Deliveries

In an emergency situation arising out of force majeure, the Company will attempt to minimize the extent of curtailment of firm gas deliveries, or if possible, eliminate the need to curtail firm gas deliveries, by taking the following preliminary steps.

1. Interrupt service provided under interruptible tariff provisions or contracts. Notification deadlines incorporated into interruptible tariffs or contracts are suspended pursuant to this Rule. Notice will be given as far in advance as possible;
2. Restrict deliveries to any customer in excess of the maximum daily quantity (MDQ) specified in the customer's contract. Volumes exceeding the MDQ during the period of curtailment are subject to the unauthorized use charge listed in C3.2 J.;
3. Implement contingency contracts for emergency gas supplies, such as contracts having been established in advance of any emergency. Seek to purchase additional gas supplies to the extent available at reasonable and prudent prices;
4. Make a public service announcement for voluntary dial-down actions by end-use customers;
5. Ask transportation customers and their authorized agents, including those agents managing transportation pools to voluntarily reduce use and/or increase deliveries.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
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C. Operational Flow Order

1. Firm balancing services bundled with transportation services and firm balancing services contracted by FERC blanket customers are subject to curtailment by means of an OFO issued by the Company. An OFO provides the means for the Company to flex the level of firm balancing services it provides to any intermediate level, up to and including zero, as necessary to meet the exigencies of an emergency. An OFO will reduce the firm balancing tolerance in one direction, and will be designated as either a positive imbalance or a negative imbalance OFO.

2. Firm storage services may be curtailed by means of an OFO.

The Company's gas storage injection or withdrawal obligations pursuant to any firm storage contracts with its customers are subject to an OFO limiting the level of service to any authorized daily level deemed necessary by the Company to meet the exigencies of an emergency.

3. Notice of an OFO

a. Preliminary notification of an OFO

The Company will notify all potentially affected customers, their authorized agents, and agents managing pools, via telephone and facsimile, as soon as it believes that an OFO may be required. Notice will indicate the nature of the potential emergency, the period it may be in effect, and the anticipated level of curtailment (authorized imbalance tolerance level or authorized storage injection/withdrawal levels).

b. Notification of an OFO

If the decision is made to issue an OFO, the Company will notify all affected customers, their authorized agents, and agents managing pools, via telephone and facsimile. The Company will attempt to issue notice as soon as possible in advance of the deadline for nominations on the upstream pipelines. Notice will indicate the period the OFO will be in effect, will specify whether the Company is curtailing the negative imbalance tolerance level or the positive imbalance level, and indicate the authorized tolerance level of each. Notice will indicate the need for intra-day nomination changes, if necessary, to balance usage with gas deliveries to the Company. OFOs curtailing storage services will indicate the authorized injection/withdrawal level.

4. Penalties for violation of an OFO

After the Company has provided actual notice of implementation of an OFO, any gas usage in excess of the authorized imbalance tolerance specified by the OFO, and during the period in which the OFO is in effect, will be subject to unauthorized use charges, with such charges being in addition to those normal charges (excluding penalties) made under the applicable rate schedules. For customers grouped into transportation pools, penalties will be assessed by the Company to the authorized agent managing the pool and not to the individual customers of the pool.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
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a. Negative imbalances exceeding OFO daily balancing threshold; storage withdrawals exceeding curtailment allocation.

The charge for such unauthorized usage shall be the highest price reported for the MichCon, Consumers Energy and Chicago LDC's during the period of curtailments as reported by Gas Daily or, to the extent that Gas Daily discontinues its reporting of such prices, any comparable reporting service, plus \$10 per Mcf. Failure to pay an unauthorized use charge shall subject the customer to termination of gas service.

b. Positive imbalances exceeding OFO balancing threshold; gas storage injections exceeding curtailment allocation.

If the Company issues a positive daily imbalance OFO, positive imbalances exceeding such threshold will be subject to forfeiture (trespass gas).

c. Unauthorized use charges will be credited to the Company's Booked Cost of Gas Sold as defined in Section C7.2 of the Company's Rules and Regulations. Trespass gas will be credited to the Company's Booked Cost of Gas Sold at zero cost.

d. In instances where customer violation of curtailment causes the Company to incur imbalance penalties on up-stream pipelines, and where incurring of pipeline penalties cannot reasonably be avoided by acquisition of gas supplies at the Company's city gate stations, then the cost of such pipeline penalties will be passed through to the customer in violation. Pipeline penalties assessed to customers are in addition to the regular unauthorized usage charge.

D. Method of Curtailment of Firm Gas Deliveries

Curtailment may be simultaneously instituted in more than one curtailment category provided that gas usage falling within a lower priority category is being completely curtailed.

If system deliverability permits only delivery of gas to a given priority category of use, curtailment will be effected on the basis of a pro rata sharing using the base period deliveries to customers for that priority category. If a customer has entered into an arrangement for voluntary reduction of use and/or increase in deliveries pursuant to Paragraph B.5. above, the volumes associated with such voluntary reductions of use or increased deliveries shall be attributed to that customer's pro rata share.

Upon notice of a curtailment, the company shall give customers with multiple locations, the option to select which location will be subject to curtailment, consistent with the practical and physical constraints of the Company's system.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

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and after October 10, 2007.
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in Case No. U-15152.

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1. Capacity restriction

If a curtailment of firm gas deliveries becomes necessary due to capacity restrictions, the Company shall determine the amount of firm service capacity that is available (residual firm capacity). The Company shall allocate that residual capacity between (i) firm transportation service provided pursuant to a FERC blanket certificate (Blanket Certificate Customers) and (ii) all other services (Other Customers), such allocation being made pro rata between such two classes of service, based upon the daily volumes scheduled for service by each class in the gas day immediately preceding curtailment.

a. The residual firm capacity which is allocated to the Other Customers shall be allocated pro rata among the members of that class, based upon the most current daily nominations prior to curtailment.

b. The residual firm capacity which is allocated to the Other Customers shall be curtailed in accordance with the curtailment priority categories set forth in Section F of this Rule, beginning with Curtailment Priority Five and proceeding to the next highest priority category.

c. Firm imbalance services provided to transportation customers, including Blanket Certificate Customers, may be subject to an OFO. Daily nominations of transportation pools, or individual transportation customers, must be equal to or less than allocated capacity.

2. Capacity deficiency

If curtailment of firm deliveries becomes necessary due to an emergency situation resulting in a capacity deficiency, the Company shall curtail gas service in accordance with Section C3.2 D, subject to the following conditions:

a. Firm imbalance services provided to Blanket Certificate Customers may be subject to an OFO. Firm deliveries within imbalance tolerance levels established by the OFO are exempt from curtailment.

b. Firm imbalance services provided to transportation pools or individual transportation customers may be subject to an OFO. Daily nominations of transportation customers, or transportation pools, must be equal to or less than allocated capacity.

3. Supply deficiency

If curtailment of firm deliveries becomes necessary due to an emergency situation resulting in a supply deficiency, with no associated capacity restriction or capacity deficiency, the Company shall curtail gas service in accordance with Section C3.2 D, subject to the following conditions:

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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a. Firm imbalance services provided to Blanket Certificate Customers may be subject to an OFO. Firm deliveries within imbalance tolerance levels established by the OFO are exempt from curtailment.

b. Firm imbalance services provided to intrastate transportation pools or individual transportation customers may be subject to an OFO. Firm deliveries within imbalance tolerance levels established by the OFO are exempt from curtailment.

E. Base Period

1. For Priorities Two through Five

a. For the purpose of determining the customer's volumes within each curtailment priority category, a twelve month base period shall be established. Such base period shall be fixed for the term of the curtailment. The base period volumes shall consist of the twelve consecutive monthly deliveries ending June of each year. In those instances where the customer has encountered strikes, interruption of gas service or unavoidable abnormalities, the Company may make reasonable adjustments to normalize the customer's requirements. Base period volumes shall be adjusted for equipment added and new loads.

b. In determining monthly deliveries, the Company shall determine the gas during each month of the period described above for all buildings, parts of buildings, and equipment associated with each customer's gas billing in accordance with the Company's Rules and Regulations. Volumes specified in Curtailment Priority Two through Five shall apply in the aggregate for all equipment of the same end use rather than on a unit of equipment basis.

c. The monthly deliveries so determined, with such adjustments as provided above, shall then be used as the monthly requirements specified in the Curtailment Priority Categories. In determining a customer's Curtailment Priority Category, the applicable monthly requirements in the base period shall be used.

2. For Priority One

a. The Company will use its best judgment in responding to exigencies demanding curtailment of Priority One residential customers, thus no base load period volume are established for this sub-class.

b. Base period volumes for commercial gas requirements, plant protection, and services essential for public health and safety will be established concurrently with, and using the same procedures as the calculation of base period volumes for Priority Two through Five.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
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Michigan Public Service Commission
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F. Curtailment Priorities

1. For purposes of curtailment, firm end use sales and transportation customers (whose service is not provided pursuant to a blanket certificate by the FERC) will be treated equally in accordance with the curtailment priority categories set forth. Six categories are established with Priority Six being the first category to be curtailed and Priority One being the last.

PRIORITY SIX

Firm daily balancing services provided to transportation customers and transportation pools.

PRIORITY FIVE

All non-residential customers having alternate fuel capability for that portion of their load covered by the alternate fuel, and all firm sales of gas not provided to the Gas Cost Recovery (GCR) customers.

PRIORITY FOUR

Commercial and industrial gas requirements in excess of 10,000 Mcf per the base load period month being curtailed.

PRIORITY THREE

Commercial and industrial gas requirements of 2,573 Mcf to 10,000 Mcf per the base period month being curtailed.

PRIORITY TWO

Non-residential customers having commercial gas requirements of 834 Mcf to 2,573 Mcf per the base period month being curtailed and industrial gas requirements of 8,334 Mcf per the base period month being curtailed.

PRIORITY ONE

Residential gas requirements, commercial gas requirements of 834 Mcf or less per the base period month being curtailed, requirements for plant protection, and requirements for services essential for public health and safety not covered by an alternate fuel.

Continued On Sheet No. C-16.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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2. The volumes of gas destined to end users of other local distribution companies (LDC) shall be classified into the same priority categories as the Company's onsystem sales and transportation customers if the LDC provides the Company with the information necessary to make such a classification and an affidavit verifying the accuracy of such information. Such information shall be provided for each priority category in a manner similar to the information regarding the base period volumes of other customers as set forth in Paragraph E above. Any volumes for which the LDC fails to provide such information shall be presumed to be Priority Five.

3. During an emergency curtailment of gas service, public utilities that generate and distribute electricity shall be granted Priority One service for that portion of the gas requirements of owned or firm contracted generation necessary to the discharge of the utilities' obligation to provide essential services.

a. Such classification of volumes qualifying for Priority One shall be contingent upon the electric utility exercising due diligence in taking reasonable steps to minimize the use of natural gas during the course of the gas emergency, and consistent with maintenance of electric system integrity. To the extent that certain actions can minimize the use of natural gas, such actions may include, but are not limited to the following:

- i. Bring on line any non-gas reserve capacity.
- ii. Switch gas fired dual-fuel generating plants to an alternate fuel.
- iii. Attempt to procure incremental power.
- iv. Curtail all non-firm off-system electric sales.
- v. Interrupt service to controlled and/or interruptible electric loads.

G. Diversion of Customer-Owned Gas During Gas Emergencies

If the Company determines that its ability to deliver gas is inadequate to support continuous service to its customers on its system and it enforces the curtailment plan established in this Rule, the Company may, at its discretion, give end user transportation customers the option to sell to the Company their flowing pipeline supplies that have been curtailed. The price of the purchased gas will be negotiated between the transportation customer and the Company but be limited to the higher of (a) the customer's reasonable cost associated with using alternate fuels during the period of diversion, (b) the actual cost of the customer's diverted gas, or (c) the highest price reported for the Mich Con, Consumers Energy and Chicago LDCs during the period of curtailment as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service. The Company shall not divert gas from transportation customers who do not have title to the gas being transported unless the owner of such gas voluntarily agrees that its gas may be purchased, borrowed or otherwise diverted by the Company.

Continued On Sheet No. C-17.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

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Michigan Public Service Commission
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in Case No. U-15152.

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H. Rate Adjustments

A customer shall not be liable for any part of a monthly service charge provided in a rate schedule if such customer's consumption under that rate is completely curtailed for the entire billing period. No other rate adjustments will be permitted unless otherwise provided by contract.

I. Enforcement

1. The Company reserves the right to take special daily or hourly meter reads during periods when an Operational Flow Order (OFO) and/or curtailment of firm gas service has been instituted pursuant to Part C3.2 of this Rule. The Company reserves the right to inspect the customer's equipment, to install special metering, and to immediately physically interrupt gas service for violations of this Rule. Once gas service is terminated, the Company may withhold such service during the period of curtailment until it is satisfied that the terms and conditions of this Rule will be observed.

2. There is nothing in this Rule that shall prevent a customer from challenging before the Commission the Company's administration of a curtailment or that shall abridge the customer's right to appeal any such determination to the Commission.

J. Penalty for violation of curtailment of firm gas deliveries

After the Company has provided actual oral or written notice of implementation of curtailment pursuant to Part C3.2 to the affected end use customer, any gas used by such customer in excess of the volumes authorized during the period of curtailment has been instituted pursuant to Part C3.2 of this Rule will be subject to unauthorized use charges, with such charges being in addition to those normal charges (excluding penalties) made under the applicable rate schedules.

1. The charge for such unauthorized usage shall be the highest price reported for the Mich Con, Consumers Energy and Chicago LDCs during the period of curtailment as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service, plus \$10 per Mcf. Failure to pay an unauthorized use charge when rendered shall subject the customer to termination of gas service.

2. Unauthorized use charges will be credited to the Company's Booked Cost of Gas Sold as defined in Section C7.2 of the Company's Rules and Regulations.

3. In instances where customer violation of curtailment causes the Company to incur imbalance penalties on up-stream pipelines, and where incurring of pipeline penalties cannot reasonably be avoided by acquisition of gas supplies at the Company's city gate stations, then the cost of such pipeline penalties will be passed through to the customer in violation. Pipeline penalties assessed to customers are in addition to the regular unauthorized usage charge.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No. C-18.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
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C4. APPLICATION OF RATES

C4.1 Rate Schedules:

Unless otherwise specifically provided for in the rate schedule applicable, service will be supplied to each installation through one meter. Gas consumed by the same person, firm or corporation, and delivered and measured at different locations, will be billed separately for each location and not as one customer.

In some cases the customer is eligible to take service under a choice of rates. Upon request, the Company will advise the customer in the selection of the rate which will give him the lowest cost of service, based on the information at hand, but the responsibility for the selection of the rate lies with the customer.

After the customer has selected the rate under which he elects to take service, the customer will not be permitted to change from that rate to another rate until at least twelve months have elapsed. Neither will the customer be permitted to evade this rule by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The intent of this rule is to prohibit frequent shifts from rate to rate.

No refund will be made of the difference in charges under different rates applicable to the same class of service.

C4.2 Special Taxes:

In any municipality or township in which special taxes, license fees or street rentals may be levied against the Company, and with respect to which the levy has been successfully maintained, the rate schedules applicable to service in such area shall be increased to offset such special charges which may be levied in order to prevent the customers in other localities from being compelled to share in any portion of such local increases. Rate schedules shall also be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, purchase, distribution or sale of gas where the amount of such tax or excise is measured by the unit or units of gas produced, purchased, distributed or sold.

C4.3 Terms of Service:

A written agreement may be required from each customer before service will be commenced. A copy of the agreement will be furnished to the customer upon request.

Service agreements shall remain in force for the term stated, if any, and in any event for the full period during which service is taken and until three days after receipt by the Company at its office of written notice, from the customer, of his wish to discontinue service.

C4.4 Rate Schedule:

A. Apartment Buildings and Multiple Dwellings:

A customer receiving gas through a single meter to a building containing more than four apartments or dwelling units will be classified as a commercial customer, and will have one bill under the appropriate commercial service rate schedule.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Continued On Sheet No. C-19.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
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If the building has meters and services for each apartment, the apartment will be classified residential and service will be billed to each service under the Residential Service Rate schedule.

B. Combined Residence and Commercial or Industrial Service:

Where one building is used by a customer as a commercial or industrial establishment and also as a residence, the piping shall be so arranged that the business and residence parts may be metered separately and a bill rendered for each class of service. If, for reasons acceptable to the Company, separation is not effected, the combined service shall be classified as commercial service and shall be billed under the applicable rate.

C4.5 Centrally Metered Installation:

A. A centrally metered installation serving multiple living units, such as apartments, multiple family units or mobile home courts, is one that meets the following conditions:

1. The Complex is served by a single meter installation; and
2. The fuel lines are buried underground from the central meter installation to the location at which each fuel line enters each building or mobile home at its outside wall; and
 - a. where the complex consists of two or more separate buildings, such as apartments, multifamily dwellings, dormitories or similar type buildings are supplied with gas and at least two buildings so supplied contain four or more living units, or
 - b. where the complex consists of mobile homes, four or more living mobile homes used as living units are supplied with gas.
3. A centrally metered installation may also be an individual building served by a single meter installation where gas is supplied to multiple units.
4. Multiple living unit usage shall consist of the gas supplied for the individual dwelling units as well as all usage normally associated with buildings containing multiple living units.
5. All buried fuel lines from the outlet side of the Company's meter, up to the outlet side of the above ground shutoff valve adjacent to the outside wall of each structure served, in addition to the pipe from the property line to the meter, shall be considered service lines.
6. Penal and corrective institutions are not considered to be centrally metered installations.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Continued On Sheet No. C-20.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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B. New Centrally Metered Installations

The cost of the gas main extension and all service lines (as defined above) shall be paid for in accordance with the Company's Rule C9, Customer Attachment Program. All service lines shall be installed, owned, operated and maintained by the Company.

C. Additions to an Existing Centrally Metered Installation

At the customer's request, the Company shall extend gas service to an addition to an existing centrally metered installation. Additional service lines shall be installed in accordance with the Company's Rule C9, Customer Attachment Program.

D. Customer Owned Centrally Metered Installation

Where the customer owns the service lines in a centrally metered installation, the customer must inspect, operate and maintain the installation in accordance with applicable code requirements or must enter into a contract with a person who is qualified to inspect, operate and maintain the installation in accordance with applicable code requirements. The company shall offer the customer a contract which provides for the operation and maintenance in accordance with applicable code requirements. Under the terms of the contract, the Company shall be permitted to recover the direct cost for service performed plus an appropriate administrative overhead.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C5. CUSTOMER RESPONSIBILITIES

C5.1 Application for Service:

A written application, accepted by the Company, or a written contract may be required from each prospective customer requesting gas service before such service is supplied, whether or not a new installation by the Company is involved. This rule shall also apply in cases involving (a) the unsealing of a meter where service has previously been supplied, (b) a change in the class or service, and/or (c) a change in the name of the customer.

C5.2 Credit, Deposits and Guarantees:

The Company may require, as a guarantee of payment of current bills, a reasonable cash deposit from a customer or prospective customer in accordance with the Company's Billing Standards. The Company may waive this requirement with respect to any customer whose credit is established as being satisfactory to the Company, or whose account may be guaranteed by a responsible party in lieu of a deposit. Any deposit shall be handled in accordance with the Company's Billing Standards rules.

C5.3 Service on Customers' Premise:

When requested, designated employees of the Company will investigate gas leaks on customer owned piping, whereupon, if a hazardous condition should be detected, the employee will terminate service until such condition has been repaired. This service will be performed free of charge.

If requested by the customer, the employee may furnish repair services with a charge to the customer at the Company's time and materials rate.

C5.4 Customer's Piping and Utilization Equipment:

The Company reserves the right to deny or terminate service to any customer whose piping or equipment shall constitute a hazard. However, it disclaims any responsibility to inspect the customer's piping or equipment and shall not be held liable for any injury or damage resulting from the condition thereof.

C5.5 Bills and Remittances:

Bills for gas service shall be rendered once each month, as nearly as is possible on a normal monthly period, and shall be due and payable on or before the due date shown on each bill. The Company will schedule meters to be read at least bimonthly on or about the same day of such meter-reading month. In monthly periods intervening between actual meter readings, the bills will, under ordinary conditions, be based on past service records, except the bills for space heating service, which will be on a basis of average outside temperatures in degree days. If, in any instance, the past service records are not available or practicable for use, then such billing will be based upon such service data as are available. All accounts shall be adjusted as necessary each time the actual meter readings are obtained.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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Bills rendered for gas service in months in which meters are not read shall have the same force and effect as those based upon actual meter readings. Any customer considering himself aggrieved by the application of this rule may read his meter and send the readings to the Company on appropriate forms which will be provided by the Company. The information shown in the bills will include the beginning and closing dates of the period for which the bill is rendered, the meter readings, actual or estimated, the number of units, the net and gross amounts payable, the due date, the statement that any tax which the utility is authorized to collect from its customers is included in the amount billed, a statement that the bill is based on estimated meter readings, if such is the case, and the name and address of the customer. A printed rate schedule will be available to any customer upon request.

The Company shall assess a late payment charge as authorized by the Company's Gas Rate Schedule.

C5.6 Access to Customer's Premises:

The Company's authorized agents shall have access to the customer's premises at all reasonable times to install, inspect, test, read, repair or remove meters and other property of the Company situated on said premises, and to inspect and determine the load characteristics of appliances installed on said premises.

C5.7 Use of Service:

Customers shall not resell, share, or distribute to others any gas supplied by the Company without the written consent of the Company. The Company does not hold itself out as ready to supply gas to any customer for resale, and due to the wide variety of conditions encountered in serving customers on such a basis, separate arrangements will be made in each case. When the resale of gas is consented to by the Company, the Company may require that such resale be made at its established rates then effective for the same class of service in that specific community or area.

C5.8 Equal Monthly Payments:

Bills will be rendered by the Company to the customer monthly in accordance with the tariff selected which is applicable to the customer's service, with the following exceptions:

Year-round residential gas space heating customers shall have the option to paying bills under the Company's Equal Payment Plan (Budget Plan), whereby the total service for the succeeding 12-month period is estimated in advance and bills are rendered monthly on the basis of one-twelfth of the 12-month estimate. The Company may at any time during the 12-month period adjust the estimate so made, and the bills rendered in accordance with such estimate, to conform more nearly with the actual use of service being experienced. The normal equal payment period will be 12-months.

In case the actual service used during any equal payment period exceeds the bills as rendered on the Equal Payment Plan, the amount of such excess shall be paid not later than the third billing month following such equal payment period, except that if the customer discontinues service with the Company under the Equal Payment Plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the Equal Payment Plan during such period, the amount of such overpayment shall, at the option of the Company, be either refunded or credited to the customer at the end of the period.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ RL

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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If a customer fails to pay bills as rendered on the Equal Payment Plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

C5.9 Nonpayment of Bills:

All bills are due and payable by the customer as specified in the tariff applicable to his service. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between two successive meter readings approximately 30 days apart.

C5.10 NSF Checks and Charge for Shut-Off Notification or On Premise Collection:

A. Charge for Nonsufficient Funds (NSF) Check

A charge of \$18.00 will be levied upon a customer for each check the customer issues the Company in payment for a gas bill when the check is returned to the Company marked NSF or closed account by the financial institution upon which the check is drawn. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto. If the check was written to avoid shutoff, the Company may shutoff after one final contact is attempted.

B. Charge for Shut-Off Notification or On-Premises Collection

A charge of \$11.50 will be levied upon a customer if an employee of the utility is sent to the premise to either serve the customer with a shut off notification or to shut off service, unless the customer presents evidence that reasonably indicates the claim has been satisfied or is currently in dispute. The utility shall not assess this fee twice for the same premise visit. The customer may elect to make payment at that time; however, the charge for sending an employee to the premise will still apply. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

C5.11 Discontinuance of Service:

The customer is responsible for the payment of bills until service is ordered discontinued and the Company has had reasonable time for securing a final reading. If any bill for gas service rendered by the Company to a customer remains unpaid for a period of five (5) days after the due date, the Company shall have the right to issue a notice in writing of its intent to discontinue service and to discontinue such service ten (10) days after such notice has been given. If the bill in question is paid under protest, in order to secure continuity of service, and it is later shown the bill was in error, the customer shall be entitled to a refund.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Continued On Sheet No. C-24.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. C-23.00

The Company may discontinue service without notice other than personal notice at the time of discontinuance, in case the meter or piping on the customer's premises is tampered with in any manner to allow unmetered gas to be used.

The Company will discontinue service to any customer upon request by the customer. However, if reconnection is requested by the same customer on the same premises within one (1) year after discontinuance, the customer shall be charged a turn-on charge.

C5.12 Turn-On Charges:

Transfers of service, where service at a premise is transferred from one customer to a subsequent customer, and where the transfer does not require the dispatch of a Company employee to the premise, shall be made with a charge of \$5.00 to the customer moving in (transferee). A premise with a Landlord Agreement shall be exempt from this charge. Where a service turn-on requires the dispatch of a Company employee to the premise, the following turn-on charges shall apply:

A. In the case of the same customer requesting turn-off and turn-on on the same premise within one year, the customer shall be charged \$75.00.

B. In all other circumstances where a service turn-on requires the dispatch of a Company employee, a single service turn-on charge of \$50.00 will be collected. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

C. If customer requests turn-on after normal business hours and the request can be accommodated, after hour charges may be applied.

C5.13 Receipt or Delivery Facility Capacity Deficiency

Where the rated capacity of a Company supply receipt facility, or a supply delivery facility owned by an up-stream pipeline or storage provider, has been exceeded or is likely to be exceeded on a given day, the Company may apply the curtailment priorities given in rule C3.2 F to customers behind an affected receipt or delivery facility. Shippers will be notified of a gate station constraint in accordance with the requirements for issuance of an IBR.

Continued On Sheet No. C-25.00

Issued September 2, 2009 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI

Michigan Public Service Commission
September 2, 2009
Filed _____ 

Effective for service rendered on
and after August 26, 2009.
Issued under authority of the
Michigan Public Service Commission
dated August 25, 2009
in Case No. U-15953.

Continued From Sheet No. C- 24.00

C6. METERING

C6.1 Meters, Metering Equipment and Regulators:

The Company will furnish and maintain one meter or one set of metering equipment, and, when required, one regulator for each service contract. The customer shall provide, free of expense to the Company, at the point of service termination, located outside, suitable space for the installation of the necessary meter, metering equipment and/or regulator. Such a location shall be in accordance with all applicable codes and standards.

For customers with large or unusual facility requirements the Company may require the customer, at the customer's cost, to allow the Company to install a concrete foundation of appropriate size and thickness suitable for the installation of metering and pressure control equipment. Those customers may also be required to make special contractual arrangements with the Company for the large or unusual facilities.

Customers requesting delivery pressure above seven inches water column may be charged a fee for the additional metering and pressure control equipment necessary to provide elevated delivery pressure.

The customer shall permit only authorized agents of the Company, or other persons lawfully authorized to do so, to inspect, test, repair, or remove such equipment. If meters, regulators or other equipment are damaged or destroyed through neglect on the part of the customer, the cost of necessary repairs or replacements shall be paid by the customer.

C6.2 Meter Tests, Errors and Adjustments:

The Company shall test meter accuracy upon request of a customer, provided such customer does not make requests for tests more frequently than once a year, and provided further that the customer will agree to accept the results of such tests as the basis for determining any adjustment which may be required. No charge will be made to the customer for the first such test in any five-year period, but if ensuing tests during the same period for the same customer show the meter to be within the allowable limits of accuracy, the Company may charge the customer, at its time and materials cost, for each such test. If such test reveals the meter registration to be outside the accuracy limits prescribed in these rules, any charge for meter testing shall be refunded and a billing adjustment made. The customer shall be entitled to be present at such test, if he makes a request to this effect in writing at the time of filing the request for testing. A report in writing shall be made to the customer by the Company, giving the results of such test. The Company shall retain a record of such test.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C7. GAS COST RECOVERY CLAUSE:

C7.1 Applicability of Clause:

All rates for gas service, unless otherwise provided in the applicable rate schedule, shall include a Gas Cost Recovery Factor to allow the Company to recover the booked costs of gas sold by the Company if incurred under reasonable and prudent policies and practices.

C7.2 Booked Cost of Gas Sold:

A. Booked cost of gas sold as used in this rule includes the following as expensed on the books of the Company:

1. Interstate Purchases: Cost of gas service.
2. Intrastate Purchases: Cost of gas service incurred pursuant to all contracts on file with the Michigan Public Service Commission.
3. Company Produced Natural Gas: Cost which vary with volume produced.
4. Company Produced Substitute Natural Gas: Cost for feedstock used to produce substitute natural gas.
5. Liquefied Petroleum Air Gas: Cost for propane used to produce a propane-air gas mixture.
6. Storage Gas: Net costs of gas injected and withdrawn from underground storage facilities.
7. Purchases From Other Michigan Utilities: Costs for gas service pursuant to contracts approved by the appropriate regulatory body.
8. Supplier Refunds And Credits: Refunds and credits from suppliers in the period realized.

B. Booked cost of gas sold as used in this rule specifically excludes the following items:

1. Gas used by the Company, at the annual average booked cost of gas sold.
2. Lost and unaccounted for gas, at the annual average booked cost of gas sold.
3. Gas Sold at a price which does not include a gas cost recovery factor, at the incremental cost from the Company's supplier.
4. Contract, tariff and other penalties, unless the customers of the Company benefit as a result of payment of such penalties.

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C7.3 Billing:

A. In applying the Gas Cost Recovery Factor, per Mcf or dekatherm, any fraction of 0.01 cent shall be rounded to the nearest 0.01 cent.

B. Each month the company shall include in its rates a Gas Cost Recovery Factor up to the maximum authorized by the Commission as shown on Sheet No. D3.00. For months in which the Michigan Public Service Commission has not approved a specific Gas Cost Recovery Factor, the Company may include an appropriate Gas Cost Recovery Factor in its rates if authorized by law to do so.

C. The Gas Cost Recovery Factor shall be the same per Mcf or Ccf for each customer metered using a pressure base of 14.65 PSIA. Customers metered at pressures other than 14.65 PSIA shall be billed the appropriate monthly Gas Cost Recovery Factor adjusted by the ratio that the metered pressure bears to 14.65 PSIA. The factor shall be placed into effect in the first billing cycle of each monthly billing period and shall continue in effect throughout all cycles in each monthly billing period.

D. The Gas Cost Recovery Factor shall appear on all customer bills.

C7.4 General Conditions:

A. At least fifteen days prior to each billing month, the company will notify the Public Service Commission Staff as to the actual factor or factors to be billed to its Customers in the subsequent month.

If the factor or factors are subject to change after this date due to an adjustment mechanism, the company will notify the Public Service Commission Staff as to the actual factor or factors to be billed to its Customers as soon as practical after the rate has been determined. The company will also submit the revised tariff sheet D-3.00 showing the new factor or factors at that time.

B. This Gas Cost Recovery Clause is authorized by the provisions of 1982 P.A. 304. A copy of that act is available for public inspection at each business office of the Company. The Company will provide a copy of the act to any customer upon request.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No. C-28.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C8. REFUNDING PROCEDURES

C8.1 Receipt of Refunds

A. Supplier Refunds

By April 15th of each year the Company shall notify the Michigan Public Service Commission Staff of any pipeline or other supplier refunds (other than a routine bill adjustment) received during the prior twelve months ended March 31st. During the period that the GCR clause is suspended, the notification shall include an indication of which amounts may be refundable to customers for periods prior to the April 1999 Billing Cycle and allocations to non GCR customers shall include deductions for Company Use and Lost and Unaccounted for Gas in accordance with C8.3A. This notification shall be in the form of a letter and shall include:

1. The amount of the refund, including interest.
2. Date each refund was received.
3. Source and reason for each refund.
4. Period covered by each refund (historical refund period).

Failure of the Company to report a refund to the Michigan Public Service Commission Staff by the April 15th deadline shall result in an interest penalty of 50% over the normal authorized rate of return on common equity for the period of time that the utility fails to comply with the notification requirement.

C8.2 GCR Customer Refunds:

A. Supplier Refunds

All supplier refunds allocable to GCR customers shall be reflected as reduction to the GCR Cost of Gas Sold in the month received and included in the Cost of Purchased and Produced Gas. No deductions for Company Use and Lost and Unaccounted For Gas volumes shall be made from refunds allocated to GCR customers.

B. GCR Reconciliation

Prior year GCR over/under-recoveries due to reconciliation provisions of the Company's GCR Clause shall be computed annually according to the provisions of 1982 PA 304. Such over/under-recoveries and any Commission ordered adjustments or disallowance's 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.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No. C-29.00
Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

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C. Other Refunds

All other refunds shall be reflected in the month the refund is received and shall be included on a separate line below the Cost of Gas Sold line on the Over/Underrecovery Reconciliation Report so that such refunds are readily identifiable.

C8.3 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. Portions of the refunds allocable to non-GCR customers shall be credited to a refund liability account to accrue interest until distributed. The Company shall include an application to refund these moneys in its next GCR Reconciliation filing.

C. The Company is not required to issue checks to customers who are in arrears with the Company, to customers for whom checks were returned as undeliverable in previous refunds or for refund amounts of less than \$5.00. Refunds may be applied against past due amounts owed to the Company and any excess refunded according to these procedures. After 90 days, any returned or uncashed refund checks shall be transferred to the non-GCR refund liability account for refund to non-GCR customers in the next GCR Reconciliation. Rights to any portion of a refund shall not vest until a refund check has been negotiated.

D. Refund completion reports for non-GCR customers shall be submitted to the Michigan Public Service Commission Staff six months following initial distribution of a non-GCR customer refund. Reports, at a minimum, should include the amount authorized for refund compared to the amount actually refunded and the date of the refund distribution.

Continued On Sheet No. C-30.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. C- 29.00

C9. CUSTOMER ATTACHMENT PROGRAM

A. Purpose

The Company proposes to make extension of its gas mains and/or service lines from time to time, at its own cost, to serve applicants whose requirements will not disturb or impair the service to prior users or will not require an expenditure out of proportion to the revenue obtainable therefrom.

The Company reserves the right to delay or deny a request for service under this rule, if fulfilling such a request could, in the Company's opinion, create conditions potentially adverse to the Company or its customers. Such conditions may include, but are not limited to, safety issues, system operating requirements or capital constraints. The provisions under this Rule are in addition to the existing rules and tariffs for customer gas service.

B. Customer Contribution

A customer contribution shall be required equal to the Connection Fee plus any applicable Fixed Monthly Surcharge plus any Excessive Service Line Fee.

C. Payment of Customer Contribution

For all customers other than land developers and builders the Customer Contribution shall be paid as follows:

The Connection Fee and the Excessive Service Line Fee are payable in lump sum at the time the service agreement is executed by the customer. The Connection Fee is non-refundable. The Excessive Service Line Fee is refundable if the service line has not been installed. If the service line has been installed, the Excessive Service Line Fee is non-refundable. The Fixed Monthly Surcharge shall be payable monthly throughout the surcharge period. The Fixed Monthly Surcharge will commence on the date that the customer receives gas service or six (6) months following the date the service agreement is executed by the customer, whichever occurs first. The customer may at any time elect to pay off the remaining Fixed Monthly Surcharge balance with a lump sum payment equal to the present value of the remaining monthly payments. If the present value of the Fixed Monthly Surcharge is less than \$200.00, the Company may require the customer to make a lump sum payment. The Fixed Monthly Surcharge is assessed to the property served such that any subsequent customer requesting gas service at the property address, once notified by the Company of the amount and duration of such surcharge, shall be liable for the Fixed Monthly Surcharge. Such notification may be verbal, written or in the form of a bill which includes the Fixed Monthly Surcharge. Failure of sellers, agents, lessors or other non-company parties to notify a customer of the Fixed Monthly Surcharge shall not relieve the customer's obligation to pay the Fixed Monthly Surcharge. Failure by the customer to timely pay the Fixed Monthly Surcharge shall result in the discontinuation, termination or denial of natural gas service. For land developers and builders, the customer contribution shall be required in a lump sum in advance of the facility expansion.

Continued On Sheet No. C-31.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
dated October 9, 2007
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D. Connection Fee

The Connection Fee is equal to \$200.00 per meter. The Connection Fee for a multiple metered installation that is served from a single service line is equal to \$100.00 per meter.

E. Excessive Service Line Fee

The Excessive Service Line Fee will be assessed to a customer whose service line requirements is in excess of the Service Line Limit. The Service Line Limit is equal to the greater of 400 feet or 150% of the average length of all service lines within the Project. The Excessive Service Line Fee will equal the cost of the service line footage in excess of Service Line Limit.

F. Fixed Monthly Surcharge

A Fixed Monthly Surcharge (Surcharge) will be calculated for each Customer Attachment Project (Project). The Surcharge will recover the Revenue Deficiency anticipated from the proposed Project. The Surcharge is calculated such that the present value of the anticipated Surcharges collected from the Project will equal the net present value Revenue Deficiency. The Surcharge will be recoverable over a predetermined time period, not to exceed ten years. The Company will be responsible for determining the appropriate Surcharge time period. The Surcharge will be a fixed dollar amount for all customers within the Project and will expire on the same date for all customers within the Project, regardless of when the surcharge was initially assessed to the customer. The Surcharge will not be subject to adjustment, reconciliation or refund. A customer who attaches to a Project after the surcharge period has expired or a customer whose proposed attachment was beyond the scope of the original Project, will be treated as a separate Project.

G. Customer Attachment Project

A Project may consist of a single customer, requiring only the installation of a service line and meter, service lines and meters. A Project will generally be defined as a customer or group of customers that may be served from the contiguous expansion of new distribution facilities.

H. Revenue Deficiency

A discounted Cost of Service Model (Model) will be used to calculate the Net Present Value (NPV) Revenue Deficiency anticipated from a Project. The Model will use the expected incremental revenues and incremental costs associated with the project for each year of a twenty year period. From this information an annual net revenue excess or deficiency will be calculated. The annual net revenue excess or deficiency will be discounted and summed to determine the NPV revenue deficiency of the Project. If the NPV revenue deficiency is negative, the discounted revenues exceed the discounted costs, then an NPV revenue deficiency of zero will be used.

Continued On Sheet No. C-32.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. C-31.00

I. Model Assumptions

Incremental Revenues:

The incremental revenues will be calculated based on current rates and a forecast of the timing and number of customer attachments as well as the customers annual consumption levels.

Incremental Costs:

1. Carrying Cost Rate

The carrying cost rate will be based on the weighted rate of debt, preferred stock, equity and associated taxes. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. The carrying cost rate is equal to 11.40%.

2. Plant in Service

Plant in Service shall reflect the Company's estimated cost to construct distribution mains, customer service lines, meters and pressure regulators or regulating facilities for the Project. The timing of the facility investment, primarily service lines, will correspond with the projected timing of the customer attachments. The facility investment for an individual customer service line will be limited to the greater of 400 feet or 150 % of the average length of all service lines within the Project.

3. Carrying Costs

The Carrying Costs will be the product of the average of beginning and end-of-year net plant. Plant in Service minus accumulated depreciation minus deferred taxes, multiplied by the Carrying Cost Rate, noted in paragraph 1 above.

4. Depreciation

Depreciation expense will be the product of Plant in Service multiplied by the appropriate prescribed depreciation rates approved for the Company.

5. Property Taxes and Other Operating Expenses

Property taxes will be the product of Plant in Service multiplied by the Company's average property tax rate. All other incremental operating expenses will be included as identified. Incremental O&M will at a minimum include proportional cost for monthly meter reading, billing and mailing.

6. Discount Rate

The Discount rate will be a weighted rate of long-term debt, preferred stock, and common equity. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. Based on the Company's rate order in Case No. U-14893 dated January 9, 2007, the Discount Rate is equal to 7.27%.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Continued On Sheet No. C-33.00

Effective for service rendered on
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Continued From Sheet No. C-32.00

J. Customer Attachment Project Areas

All gas sold in any area specifically listed below is subject to the following Customer Attachment Project (CAP) charges. CAP areas and charges shall be added to or removed from the list from time to time by the Company.

	<u>CAP Area</u>	<u>Per Month</u>	<u>Surcharge Expires</u>
1013	7395 Mayer Rd	48.07	April 2011
1082	Huble Rd & US 2 E	33.11	October 2011
1383	1253 Carberry Rd	70.92	November 2008
1404	720 Erie St	21.49	December 2009
1406	E County Rd	27.04	October 2010
1407	Crossroads	25.89	August 2010
1466	59999 Jewell Rd	39.33	June 2008
1467	2301 Dunlap Rd	60.19	February 2008
1468	Campground Rd	32.94	October 2008
1488	809 Jupiter	30.09	July 2009
1491	9601 22 Mile Rd	57.36	December 2010
1517	Denomme Rd/US Hwy 41	31.75	January 2012
1525	Haanpaa Rd	24.95	October 2008
1526	Indian Lake	24.99	October 2011
1530	County Rd 403 2001	33.13	December 2011
1531	US 12 Motteville	26.58	February 2011
1538	Motteville II	18.08	December 2011
1557	22221-22419 Mcphall	80.70	October 2012
1564	Palms Rd (7015-7100)	43.92	July 2008
1579	Timber Ln Easy Ln	35.73	June 2008
1580	Ravine Rd 11-13	12.91	February 2008
1582	2309 Invicta Dr	50.81	February 2010
1591	Healy St - Dodgevill	80.94	June 2008
1592	Vandenboom / 970-100	30.46	September 2009
1593	2 nd Street - Martin	41.92	October 2009
1605	25 Mile Rd	32.94	June 2008
1606	25 Mile (28165-28444)	113.91	May 2008
1609	33 Mile Rd	32.94	July 2008
1610	Manning St (59734)	11.53	May 2008
1611	Omo Rd (68601-68650)	148.30	August 2008
1612	Court St (2000)	56.33	October 2008
1613	Arnold Rd (9960)	99.11	October 2008
1614	Roberts Rd (1143)	44.36	November 2008
1615	Big Hand Rd (9050)	66.73	February 2009
1616	Nolan Rd (318)	105.01	July 2009
1617	Park Rd (5221)	81.48	November 2008
1618	Almont Rd (15482)	210.86	November 2008
1619	Werner Rd (2781)	61.72	January 2009
1620	Hannah Av (31)	143.62	November 2008
1621	Featherbone Av	57.74	September 2008
1625	15928 Center St	38.27	July 2008
1627	3784 Weechik	51.39	September 2008

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
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Continued On Sheet No. C-34.00
Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. C-33.00

	<u>CAP Area</u>	<u>Per Month</u>	<u>Surcharge Expires</u>
1628	S Spruce	39.28	September 2008
1629	1100-1110 Krum X1106	9.21	June 2009
1630	15915 Wintergreen	55.40	October 2008
1632	Adler off Butternut	198.29	June 2008
1633	Adler St Ext	90.05	January 2009
1636	Perry St Ext	93.44	November 2012
1642	113 Karhi Rd Part I	117.74	June 2011
1643	Pine Cone Trail	55.58	October 2012
1651	15196 Shrago	45.73	April 2009
1654	128 Bluff St	20.50	May 2010
1655	120 S Thompson St	19.42	May 2010
1656	6010 Migiel Ln	59.28	July 2009
1657	25701 Jill St	35.82	October 2009
1660	16215 Krob Rd	37.71	March 2010
1661	Imlay City Rd (7316)	55.08	September 2009
1662	Fraiser Rd (233-255)	118.01	December 2008
1663	29 Mile Rd (32037)	146.44	May 2009
1664	Bates Rd (54375)	199.61	September 2009
1665	Gould Rd (74096)	46.46	August 2009
1666	Norman Rd (3938)	73.34	July 2009
1667	St Clair Bl (9547)	25.92	July 2009
1669	Range & Woodrow Rds	32.51	August 2009
1670	Place Rd (57611)	109.71	November 2009
1671	Fox Rd (2035-2059)	156.45	November 2009
1672	Partridge Rd (2849)	146.06	November 2009
1673	29 Mile Rd (28465)	64.89	December 2009
1674	Black River Rd (5800)	132.90	November 2009
1675	Gould Rd (74111-775)	33.52	December 2009
1676	Foss Rd (53445-53455)	96.30	January 2010
1677	Hagen Rd (23775)	77.90	January 2010
1678	28 Mile Rd/Bates Rd	101.52	May 2010
1679	36 th St (1287-1307)	71.67	January 2010
1680	Adair Rd (7833-7861)	158.33	August 2010
1681	29 Mile Rd (32163)	109.01	July 2010
1682	Vanness St (3356)	66.23	August 2010
1683	Kinney Rd (1767)	119.89	October 1011
1684	Omo Rd (75180)	92.94	November 2010
1685	Drexler Rd (7470-73)	73.38	December 2010
1686	Fraiser Rd (205)	13.75	April 2011
1687	Bowman Rd (5426)	109.09	November 2010
1688	Fraiser Rd (221)	8.06	November 2010
1690	Jewell Rd (60065)	41.61	August 2011
1694	50624 Curran Beach	61.39	August 2011
1695	94690 M 152	32.22	December 2011
1696	9824 Greenwood	95.27	December 2011
1704	7836 Cuff Rd	33.46	January 2009
1711	State Rd (4290)	49.22	February 2011

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service
Commission

January 8, 2008

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Continued on Sheet No. C-35.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. C-34.00

	<u>CAP Area</u>	<u>Per Month</u>	<u>Surcharge Expires</u>
1715	Hough Rd 12965-12970	35.79	December 2011
1716	Rosell Rd (58201)	99.56	April 2012
1717	Mcphall Rd (22209)	75.64	January 2012
1718	Lakeshore Rd (7751)	109.15	May 2008
1719	Mackie Rd (1360)	91.30	August 2012
1720	34 Mile Rd (8383)	111.99	December 2012
1731	Mckinley (8004-8029)	82.84	November 2012
1741	N Lakeshore Rd	56.64	September 2012
1742	Pine River Rd	57.73	December 2012
1743	Dove Rd (5189)	37.93	December 2012
1744	Schroeder Ave (7652)	18.51	December 2012

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ RL

Effective for service rendered on
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Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

SECTION D
GAS SALES SERVICE
General Terms and Conditions:

A. Terms of Payment:

All bills are due and payable on or before the due date shown thereon.

B. Special Taxes:

1. In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, customers bills 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 specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

C. Rules Applicable:

Service under all Rate Schedules shall be subject to the Rules and Regulations of the Company.

D. Controlled Service:

All Rates are subject to all provisions in Rule C2 of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

E. Territory Served:

All Rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

F. Rules and Regulations:

Service supplied under these rate schedules shall be governed by the Rules and Regulations of the Company as approved by the Michigan Public Service Commission.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
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and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
In Case No. U-15152

**SECTION D
GAS SALES SERVICE
SURCHARGES**

Energy Optimization Program Clause – This clause permits, pursuant to Section 91(3) of 2008 PA 295, collection of the energy optimization alternative compliance payments made by the utility in compliance with Section 91(1). This charge is to be on a volumetric basis for Residential customers and on a per meter basis for all other metered customers.

Energy Optimization
Surcharge

<u>Rate Class</u>	<u>Amount</u>	<u>Order No.</u>
Residential	\$0.1778 per Dth	U-16293
GS-1	\$2.41 per Month	U-16293
GS-2	\$13.26 per Month	U-16293
GS-3	\$67.23 per Month	U-16293

Issued December 27, 2010 by
Michael V. Palmeri
Sr. V.P. and C.F.O.
Port Huron, MI



Effective for bills rendered on
and after August 1, 2010.
Issued under authority of the
Michigan Public Service Commission
dated July 13, 2010 in Case No. U-16293

The Gas Cost Recovery Factors

The following maximum Gas Cost Recovery Factors for the April 2010 through March 2011 GCR plan period are authorized pursuant to the Gas Cost Recovery Clause:

Billing Months	Maximum Authorized Factor \$/Mcf \$/Dth	Actual Factor Billed \$/Mcf \$/Dth
April, 2010	\$6.6377/Mcf	\$6.2000/Mcf
May, 2010	\$6.6377/Mcf	\$6.2000/Mcf
June, 2010	\$6.6377/Mcf	\$6.2000/Mcf
July, 2010	\$6.6377/Mcf	\$6.2000/Mcf
August, 2010	\$6.6377/Mcf	\$6.2000/Mcf
September, 2010	\$6.6377/Mcf	\$6.2000/Mcf
October, 2010	\$6.6377/Mcf	\$6.2000/Mcf
November, 2010	\$6.6377/Mcf	\$5.7500/Mcf
December, 2010	\$6.6377/Mcf	\$5.5000/Mcf
January, 2011*	\$6.6377/Mcf / \$6.5751/Dth	\$5.5000/Mcf / \$5.4481/Dth
February, 2011		
March, 2011		

The current month’s Gas Cost Recovery factor is composed of the following cost components:

Balancing Charge	\$0.2500 per Mcf / \$0.2500/ Dth
Capacity Demand Charge.....	\$0.5194 per Mcf / \$0.5145/ Dth
Gas Commodity Charge	\$4.7306 per Mcf / \$4.6836/ Dth

***Due to an order in Case No. U-16169, on December 21, 2010, SEMCO Energy Gas MPSC Division will be billed on an energy or Dekatherm (“Dth”) basis beginning with the first billing cycle in January 2011. The first billing cycle on the Dth basis will be prorated as to your billing cycle. All billing cycles after will be billed completely on a Dth basis.**

Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI 48060



Effective for bills rendered on and after
The first billing cycle of the January 2011
Billing Month. Issued under authority of
the Michigan Public Service Commission dated
December 21, 2010 in Case No. U-16169.

Contingency Factor Matrix

Contingency Factor Matrix									
	April-June 1st Q		July-Sept 2nd Q		Oct-Dec 3rd Q		Jan-Mar 4th Q		
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	
	April-Oct	Nov-Mar	April-Oct	Nov-Mar	April-Oct	Nov-Mar	April-Oct	Jan-Mar	
Fractional Mult. F_m	0.197	0.647	0.207	0.581	0.258	0.527	0.262	0.528	
Plan NYMEX (X_{plan})	\$5.0733	\$6.2889	\$5.0733	\$6.2889	\$5.0733	\$6.2889	\$5.0733	\$6.4547	
Base GCR Factor	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	
NYMEX Increase	Incremental Contingent GCR Factor								
Greater than Or Equal to									
\$0.00	\$0.05	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.05	\$0.10	\$0.0099	\$0.0324	\$0.0103	\$0.0290	\$0.0129	\$0.0263	\$0.0131	\$0.0264
\$0.10	\$0.15	\$0.0197	\$0.0647	\$0.0207	\$0.0581	\$0.0258	\$0.0527	\$0.0262	\$0.0528
\$0.15	\$0.20	\$0.0296	\$0.0971	\$0.0310	\$0.0871	\$0.0388	\$0.0790	\$0.0392	\$0.0792
\$0.20	\$0.25	\$0.0394	\$0.1295	\$0.0413	\$0.1162	\$0.0517	\$0.1053	\$0.0523	\$0.1056
\$0.25	\$0.30	\$0.0493	\$0.1618	\$0.0516	\$0.1452	\$0.0646	\$0.1317	\$0.0654	\$0.1319
\$0.30	\$0.35	\$0.0592	\$0.1942	\$0.0620	\$0.1742	\$0.0775	\$0.1580	\$0.0785	\$0.1583
\$0.35	\$0.40	\$0.0690	\$0.2265	\$0.0723	\$0.2033	\$0.0904	\$0.1843	\$0.0915	\$0.1847
\$0.40	\$0.45	\$0.0789	\$0.2589	\$0.0826	\$0.2323	\$0.1034	\$0.2106	\$0.1046	\$0.2111
\$0.45	\$0.50	\$0.0887	\$0.2913	\$0.0930	\$0.2614	\$0.1163	\$0.2370	\$0.1177	\$0.2375
\$0.50	\$0.55	\$0.0986	\$0.3236	\$0.1033	\$0.2904	\$0.1292	\$0.2633	\$0.1308	\$0.2639
\$0.55	\$0.60	\$0.1085	\$0.3560	\$0.1136	\$0.3194	\$0.1421	\$0.2896	\$0.1439	\$0.2903
\$0.60	\$0.65	\$0.1183	\$0.3884	\$0.1240	\$0.3485	\$0.1550	\$0.3160	\$0.1569	\$0.3167
\$0.65	\$0.70	\$0.1282	\$0.4207	\$0.1343	\$0.3775	\$0.1680	\$0.3423	\$0.1700	\$0.3431
\$0.70	\$0.75	\$0.1380	\$0.4531	\$0.1446	\$0.4066	\$0.1809	\$0.3686	\$0.1831	\$0.3695
\$0.75	\$0.80	\$0.1479	\$0.4854	\$0.1549	\$0.4356	\$0.1938	\$0.3950	\$0.1962	\$0.3958
\$0.80	\$0.85	\$0.1578	\$0.5178	\$0.1653	\$0.4647	\$0.2067	\$0.4213	\$0.2092	\$0.4222
\$0.85	\$0.90	\$0.1676	\$0.5502	\$0.1756	\$0.4937	\$0.2196	\$0.4476	\$0.2223	\$0.4486
\$0.90	\$0.95	\$0.1775	\$0.5825	\$0.1859	\$0.5227	\$0.2326	\$0.4739	\$0.2354	\$0.4750
\$0.95	\$1.00	\$0.1874	\$0.6149	\$0.1963	\$0.5518	\$0.2455	\$0.5003	\$0.2485	\$0.5014
\$1.00	\$1.05	\$0.1972	\$0.6473	\$0.2066	\$0.5808	\$0.2584	\$0.5266	\$0.2615	\$0.5278
\$1.05	\$1.10	\$0.2071	\$0.6796	\$0.2169	\$0.6099	\$0.2713	\$0.5529	\$0.2746	\$0.5542
\$1.10	\$1.15	\$0.2169	\$0.7120	\$0.2272	\$0.6389	\$0.2842	\$0.5793	\$0.2877	\$0.5806
\$1.15	\$1.20	\$0.2268	\$0.7444	\$0.2376	\$0.6679	\$0.2972	\$0.6056	\$0.3008	\$0.6070
\$1.20	\$1.25	\$0.2367	\$0.7767	\$0.2479	\$0.6970	\$0.3101	\$0.6319	\$0.3139	\$0.6333
\$1.25	\$1.30	\$0.2465	\$0.8091	\$0.2582	\$0.7260	\$0.3230	\$0.6583	\$0.3269	\$0.6597
\$1.30	\$1.35	\$0.2564	\$0.8414	\$0.2686	\$0.7551	\$0.3359	\$0.6846	\$0.3400	\$0.6861
\$1.35	\$1.40	\$0.2662	\$0.8738	\$0.2789	\$0.7841	\$0.3489	\$0.7109	\$0.3531	\$0.7125
\$1.40	\$1.45	\$0.2761	\$0.9062	\$0.2892	\$0.8131	\$0.3618	\$0.7373	\$0.3662	\$0.7389
\$1.45	\$1.50	\$0.2860	\$0.9385	\$0.2995	\$0.8422	\$0.3747	\$0.7636	\$0.3792	\$0.7653

Continued on Sheet No. D-5.00

Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI 48060

Michigan Public Service
Commission
January 4, 2011
Filed MKS

Effective for bills rendered on and after
The first billing cycle of the January 2011
Billing Month. Issued under authority of
the Michigan Public Service Commission dated
December 21, 2010 in Case No. U-16169.

Continued From Sheet No. D-4.00

Contingency Factor Matrix

	April-June		July-Sept		Oct-Dec		Jan-Mar		
	1st Q		2nd Q		3rd Q		4th Q		
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	
	April-Oct	Nov-Mar	April-Oct	Nov-Mar	April-Oct	Nov-Mar	April-Oct	Jan-Mar	
Fractional Mult. F_m	0.197	0.647	0.207	0.581	0.258	0.527	0.262	0.528	
Plan NYMEX (X_{plan})	\$5.0733	\$6.2889	\$5.0733	\$6.2889	\$5.0733	\$6.2889	\$5.0733	\$6.4547	
Base GCR Factor	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	\$6.5751	
NYMEX Increase Greater than But Less Or Equal to than	Incremental Contingent GCR Factor								
			\$/Dth						
\$1.50	\$1.55	\$0.2958	\$0.9709	\$0.3099	\$0.8712	\$0.3876	\$0.7899	\$0.3923	\$0.7917
\$1.55	\$1.60	\$0.3057	\$1.0033	\$0.3202	\$0.9003	\$0.4005	\$0.8162	\$0.4054	\$0.8181
\$1.60	\$1.65	\$0.3155	\$1.0356	\$0.3305	\$0.9293	\$0.4135	\$0.8426	\$0.4185	\$0.8445
\$1.65	\$1.70	\$0.3254	\$1.0680	\$0.3409	\$0.9583	\$0.4264	\$0.8689	\$0.4316	\$0.8709
\$1.70	\$1.75	\$0.3353	\$1.1003	\$0.3512	\$0.9874	\$0.4393	\$0.8952	\$0.4446	\$0.8972
\$1.75	\$1.80	\$0.3451	\$1.1327	\$0.3615	\$1.0164	\$0.4522	\$0.9216	\$0.4577	\$0.9236
\$1.80	\$1.85	\$0.3550	\$1.1651	\$0.3719	\$1.0455	\$0.4651	\$0.9479	\$0.4708	\$0.9500
\$1.85	\$1.90	\$0.3648	\$1.1974	\$0.3822	\$1.0745	\$0.4781	\$0.9742	\$0.4839	\$0.9764
\$1.90	\$1.95	\$0.3747	\$1.2298	\$0.3925	\$1.1035	\$0.4910	\$1.0006	\$0.4969	\$1.0028
\$1.95	\$2.00	\$0.3846	\$1.2622	\$0.4028	\$1.1326	\$0.5039	\$1.0269	\$0.5100	\$1.0292
\$2.00	\$2.05	\$0.3944	\$1.2945	\$0.4132	\$1.1616	\$0.5168	\$1.0532	\$0.5231	\$1.0556
\$2.05	\$2.10	\$0.4043	\$1.3269	\$0.4235	\$1.1907	\$0.5297	\$1.0795	\$0.5362	\$1.0820
\$2.10	\$2.15	\$0.4141	\$1.3593	\$0.4338	\$1.2197	\$0.5427	\$1.1059	\$0.5493	\$1.1084
\$2.15	\$2.20	\$0.4240	\$1.3916	\$0.4442	\$1.2487	\$0.5556	\$1.1322	\$0.5623	\$1.1348
\$2.20	\$2.25	\$0.4339	\$1.4240	\$0.4545	\$1.2778	\$0.5685	\$1.1585	\$0.5754	\$1.1611
\$2.25	\$2.30	\$0.4437	\$1.4563	\$0.4648	\$1.3068	\$0.5814	\$1.1849	\$0.5885	\$1.1875
\$2.30	\$2.35	\$0.4536	\$1.4887	\$0.4751	\$1.3359	\$0.5943	\$1.2112	\$0.6016	\$1.2139
\$2.35	\$2.40	\$0.4634	\$1.5211	\$0.4855	\$1.3649	\$0.6073	\$1.2375	\$0.6146	\$1.2403
\$2.40	\$2.45	\$0.4733	\$1.5534	\$0.4958	\$1.3940	\$0.6202	\$1.2639	\$0.6277	\$1.2667
\$2.45	\$2.50	\$0.4832	\$1.5858	\$0.5061	\$1.4230	\$0.6331	\$1.2902	\$0.6408	\$1.2931
\$2.50	\$2.55	\$0.4930	\$1.6182	\$0.5165	\$1.4520	\$0.6460	\$1.3165	\$0.6539	\$1.3195
\$2.55	\$2.60	\$0.5029	\$1.6505	\$0.5268	\$1.4811	\$0.6589	\$1.3429	\$0.6669	\$1.3459
\$2.60	\$2.65	\$0.5128	\$1.6829	\$0.5371	\$1.5101	\$0.6719	\$1.3692	\$0.6800	\$1.3723
\$2.65	\$2.70	\$0.5226	\$1.7152	\$0.5475	\$1.5392	\$0.6848	\$1.3955	\$0.6931	\$1.3986
\$2.70	\$2.75	\$0.5325	\$1.7476	\$0.5578	\$1.5682	\$0.6977	\$1.4218	\$0.7062	\$1.4250
\$2.75	\$2.80	\$0.5423	\$1.7800	\$0.5681	\$1.5972	\$0.7106	\$1.4482	\$0.7193	\$1.4514
\$2.80	\$2.85	\$0.5522	\$1.8123	\$0.5784	\$1.6263	\$0.7235	\$1.4745	\$0.7323	\$1.4778
\$2.85	\$2.90	\$0.5621	\$1.8447	\$0.5888	\$1.6553	\$0.7365	\$1.5008	\$0.7454	\$1.5042
\$2.90	\$2.95	\$0.5719	\$1.8771	\$0.5991	\$1.6844	\$0.7494	\$1.5272	\$0.7585	\$1.5306
\$2.95	\$3.00	\$0.5818	\$1.9094	\$0.6094	\$1.7134	\$0.7623	\$1.5535	\$0.7716	\$1.5570
\$3.00		\$0.5916	\$1.9418	\$0.6198	\$1.7424	\$0.7752	\$1.5798	\$0.7846	\$1.5834

Continued on Sheet No. D-6.00

Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI 48060

Michigan Public Service
Commission

January 4, 2011

Filed MKS

Effective for bills rendered on and after
The first billing cycle of the January 2011
Billing Month. Issued under authority of
the Michigan Public Service Commission dated
December 21, 2010 in Case No. U-16169.

Continued From Sheet No. D-5.00

NYMEX Increase = (X - X_{plan})

X = the simple average of the actual NYMEX monthly natural gas futures contract prices, (\$/MMbtu), for the summer strip (Apr-Oct) and the remaining months of the winter strip (Nov-Mar), (averaged over first five trading days of the month prior to implementation).

X_{plan} = the NYMEX average summer and winter strips incorporated in the calculation of the base GCR factor, as delineated in the above chart.

At least fifteen days before the beginning of each period, the company shall file with the Michigan Public Service Commission an updated Tariff Sheet No. D-3.00, a new GCR ceiling price calculated using the matrix, without regard to whether the new ceiling factor is higher or lower than the prior period's ceiling factor. In no event will the ceiling price decrease below the Base GCR Factor. The informational filing shall include all supporting documents necessary to verify the new price ceiling, including a copy of the calculation of the five-day average of the NYMEX strip for the remaining months of the GCR period, and a copy of the NYMEX futures prices sheets for the first five trading days of the month, such sheets being an authoritative source used by the gas industry. The filing shall be incorporated into the GCR Plan docket U-16147 with notice of filing provided to all interveners.

Gas Cost Recovery Factor Adjustment Process

Step 1) Using the first five trading days of the month prior to implementation determine two NYMEX five day averages. One for the seven month summer strip X_s (Apr-Oct), one for the remaining months of the five month winter strip X_w (Nov-Mar). Closing prices should be used for the summer months that are no longer trading. Only the remaining months should be used to calculate the winter strip.

Step 2) Determine the NYMEX increase for the summer and winter strips by subtracting the NYMEX plan X_{plan} for that strip from X calculated above for that same strip.

Step 3) Locate the two incremental contingent GCR factors, which correspond with the two NYMEX increases calculated in the previous steps (Summer and Winter), in the table for the desired period.

Step 4) Add the two incremental contingent GCR factors to the base GCR factor. The new GCR ceiling factor will be the greater of the Base GCR Factor or the resulting factor from the matrix.

Step 5) Upon implementation of an upward adjustment to the GCR ceiling in a quarter, no further adjustment will be made until the following quarter.

Issued September 15, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI 48060



Effective for bills rendered on and after
The first billing cycle of the October 2010
Billing Month. Issued under authority of
the Michigan Public Service Commission dated
September 14, 2010 in Case No. U-16147.

RESIDENTIAL SERVICE RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any customer in the Company's Service Territory to meet residential gas requirements, as defined in Rule C2.7.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

Customer Charge per meter: \$ 11.50 per month
Distribution Charge: \$ 1.7342 per Dth

Gas Cost Recovery Charges:

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. D-3.00.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. D-2.00.

Terms of Payment:

A late payment charge of two percent (2%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon. The late payment charge is not applicable to customers participating in the Winter Protection Plan set forth in Order U-4240.

Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI



Effective for service rendered on and after
January 1, 2011. Issued under authority of
the Michigan Public Service Commission dated
December 21, 2010 in Case No. U-16169.

GENERAL SERVICE (GS) RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any commercial or industrial customer in the Company's Service Territory, for any purpose, including multiple family dwellings.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

Service Category	Customer Charge Per Meter	Distribution Charge
GS-1	\$11.50 per month	\$1.8203 per Dth
GS-2	\$35.00 per month	\$1.3932 per Dth
GS-3	\$105.00 per month	\$1.0985 per Dth

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule C4.1. When customers are selecting their initial service category, the Company must advise them that the economic break even point between GS-1 and GS-2 is 660 Dth per year, and the economic break even point between GS-2 and GS-3 is 2,850 Dth per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule C4.1.

Gas Cost Recovery Charges

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. D-3.00.

Customer Charge Billing Option:

At the customer's option, the customer may contract with the Company to be billed the annual sum of the 12 monthly Customer Charges, evenly divided, over whichever billing months during the year shall be mutually agreeable between the Company and the customer.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. D-2.00.

Unmetered Service:

When service is rendered under a contract with the Company, where the entire gas usage is a fixed hourly volume such that no meter is required, such service shall be treated as a GS-1 Service Category for billing purposes, except that no Customer Charge shall be applied.

Terms of Payment:

A late payment charge of three percent (3%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon.

Issued December 27, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI

Michigan Public Service Commission
January 4, 2011
Filed <u> </u> MKS

Effective for service rendered on and after
January 1, 2011. Issued under authority of
the Michigan Public Service Commission dated
December 21, 2010 in Case No. U-16169.

SECTION E

TRANSPORTATION SERVICE

SURCHARGES

Energy Optimization Program Clause – This clause permits, pursuant to Section 91(3) of 2008 PA 295, collection of the energy optimization alternative compliance payments made by the utility in compliance with Section 91(1). This charge is to be on a volumetric basis for Residential customers and on a per meter basis for all other metered customers.

<u>Rate Class</u>	<u>Energy Optimization Surcharge Amount</u>	<u>Order No.</u>
TR-1	\$26.84 per Month	U-16293
TR-2	\$89.70 per Month	U-16293
TR-3	\$313.58 per Month	U-16293

Issued July 27, 2010 by
Michael V. Palmeri
Sr. V.P. and C.F.O.
Port Huron, MI



Effective for bills rendered on
and after August 1, 2010
Issued under authority of the
Michigan Public Service Commission
dated July 13, 2010
in Case No. U-16293

SECTION E

**RULES AND REGULATIONS
FOR TRANSPORTATION SERVICE**

F1. APPLICATION

Unless otherwise provided for within these Transportation Service Rules and Regulations, all Shippers taking Transportation Service are subject to all the rules and regulations contained within Sections B and C of the Company's Rules and Regulations for all customers.

F2. DEFINITIONS

"Authorized Agent" shall mean the person or entity whom a Shipper has authorized to send or receive all necessary communications between the Company and Shipper and whom the Shipper has authorized to take actions and make decisions on Shipper's behalf with regard to Gas service.

"Automated Meter Reading System" (AMR) shall mean a system of radio controlled devices installed on meters such that the metering data may be retrieved by radio van or through a fixed network.

"Balancing Recovery Cost" (BRC) shall be defined as all charges billed for Firm Balancing, Interruptible Balancing, Excess Balancing, Imbalance Penalties and pipeline penalty pass-through costs which are billed as a result of either daily or monthly balancing provisions within the Transportation Service rules and regulations of this tariff.

"British Thermal Unit" (BTU) shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty degrees Fahrenheit.

"BTU Factor" shall mean the factor applied to a Shipper's volumetric (MCF) consumption to determine the Shipper's energy (DTH) consumption.

"Company" shall mean SEMCO ENERGY GAS COMPANY

"Customer" shall mean the end user of the gas.

"Day" shall mean a period of twenty-four (24) consecutive hours as defined by the Gas Industry Standards Board (GISB).

"Daily Balancing Tolerance" (DBT) shall mean a daily imbalance percentage, positive or negative, within which a Shipper will incur no Excess Balancing Charge or Imbalance Penalty. The DBT for Positive and Negative Imbalances is the sum of the Firm Balancing Tolerance (FBT) plus the Interruptible Balancing Tolerance (IBT) in effect for the Day.

"Daily Imbalances" shall mean the difference between the amount of Gas received by the Company on any given Day on behalf of a Shipper, less Gas In Kind, and the amount of Gas delivered to the Shipper that same day.

"Dekatherm" (Dth) shall mean the quantity of heat energy which is equivalent to one million BTU.

"Designated Sales Service Rate" shall mean the Company's existing gas sales rate designated in a Transportation Service Agreement pursuant to the Aggregation of Accounts Option.

"Equivalent Quantities" shall mean a quantity of gas containing an amount of Dths equal to the amount of Dths received by the Company for the account of Shipper at the Point(s) of Receipt.

Continued On Sheet No. E-3.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ RL

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet E-2.00

"Excess Balancing" shall mean all daily imbalances (under Rate Schedule TR-1, TR-2 or TR-3) that exceed the DBT, but do not exceed twenty percent (20%) of MDQ, and shall apply to positive and negative imbalances that are not subject to an IBR Notice. During periods when an IBR Notice is in effect, Excess Balancing is eliminated in the direction restricted by the IBR Notice. Excess Balancing is subject to the Excess Balancing Charge.

"Firm Balancing Tolerance" (FBT) shall be a Dth quantity of daily balancing service that the Company is obligated to provide to the Shipper on a firm basis. The FBT shall be stated in Shipper's Transportation Service Agreement. Shippers provided an FBT by the Company are subject to the Firm Balancing Charge.

"Gas" shall mean natural gas, manufactured gas or a combination of the two.

"Gas In Kind" shall mean the amount of Gas the Company shall retain of gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted-for-gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

"Imbalance Penalty" shall mean all daily imbalances that exceed twenty percent (20%) of MDQ under Rate Schedule TR-1, TR-2 or TR-3. Where an IBR is in effect that reduces the DBT in one direction, the Imbalance Penalty shall also mean that gas received by the Company on Shipper's behalf or gas delivered by the Company to Shipper, where applicable, in excess of the reduced DBT.

"Interruptible Balancing Restriction Notice" (IBR Notice) shall mean a directive Issued by the Company to Shippers which shall restrict the Shippers' daily IBT on either positive or negative imbalances by reducing the tolerance in one direction to the level deemed necessary by the Company when the Company's ability to accommodate imbalances is restricted or impaired due to capacity constraints. Capacity constraints shall be considered valid for reasons of limited supply due to actions or circumstances beyond the Company's control, distribution system restrictions, or upstream firm transportation capacity limitations. The IBR Notice will indicate at its issuance the portions of the Company's system affected by the IBR Notice, the imbalance, either positive or negative, that the IBR Notice restricts, the amount that is restricted and the time period the IBR Notice is in effect.

"Interruptible Balancing Tolerance" (IBT) shall be a Dth quantity calculated as the lesser of twenty percent (20%) of Shipper's contract MDQ (in Dth) less the FBT volume or twenty percent (20%) of the daily nominated delivery to the Company on the Shipper's behalf less the FBT Volume but not less than zero. All or part of the IBT may be reduced pursuant to the issuance of an IBR Notice.

"Marketer" shall mean the seller or supplier of natural gas.

"Maximum Daily Quantity" (MDQ) shall mean the maximum quantity of gas, as measured in Mcf, converted to Dth, and listed in a Shipper's Transportation Service Agreement, that the Company is obligated to deliver to a Shipper on any given Day.

"Mcf" shall mean one thousand cubic feet of Gas at 14.65 psia.

"Month" shall mean the period beginning on the first Day of a calendar month and ending at the same hour on the first Day of the next succeeding calendar month, or at such time as may be mutually agreed upon.

"Monthly Imbalances" shall mean the cumulative difference between the amounts of Gas received by the Company in any given Month on behalf of a Shipper, less Gas In Kind, and the amount delivered to the Shipper that same Month.

"Negative Imbalance" shall mean an imbalance, whether Daily or Monthly, where the Company has delivered more Gas to a Shipper than the Company has received, less Gas in Kind, on that Shipper's behalf. When expressed as a percentage, the imbalance is divided by gas received by the Company, less Gas in Kind, on the Shipper's behalf.

Continued On Sheet No. E-4.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed <u> </u>

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-3.00

"Nominations" shall mean the process by which the Shipper notifies the Company of expected Transportation volumes.

"Operational Districts" shall mean those service territories located in segmented geographical areas of the Company's distribution/transmission system as stated on Sheets A-11.00 through A-14.00.

"Point of Delivery" shall mean any point on the Company's Gas distribution system at which an interconnect exists with a Shipper's facility to enable the Company to deliver Shipper's gas.

"Point of Receipt" shall mean any point on the Company's gas distribution system at which an interconnection exists with Shipper's Transporter to enable the Company to receive Shipper's gas for redelivery to the Shipper.

"Pool" or "Pooling" shall mean the grouping together of Transportation Service Shippers for the purpose of netting daily and monthly imbalances.

"Pooling Agent" shall mean the person or entity whom a Shipper (or Shipper's Authorized Agent) has authorized to take actions and make decisions on Shipper's (or Agent's) behalf with regard to operation of a Pool.

"Positive Imbalance" shall mean an imbalance, whether Daily or Monthly, where the Company has received more gas, less Gas in Kind, on a Shipper's behalf than the Company has delivered to that Shipper. When expressed as a percentage, the imbalance is divided by gas received by the Company, less Gas in Kind, on the Shipper's behalf.

"Rate Schedule" shall mean the particular schedule listing applicable rates for service found in the Company's Schedule of Rules, Regulations and Rates.

"Remote Metering Device" shall mean metering instruments capable of providing a record of instantaneous gas usage on demand from a remote location.

"Request for Transportation Service" shall mean a written request by the Shipper for Transportation Service.

"Service Territory" shall mean the geographical area defined in the Company's Schedule of Rules, Regulations and Rates in which the Company is responsible for Gas service.

"Shipper" shall mean any person, corporation, partnership or any other party requesting Transportation Service from the Company. A Shipper may also include an Authorized Agent where the context requires. The Shipper may also be referred to as the "Customer."

"Shipper's Transporter" shall mean the intrastate pipeline, interstate pipeline, or local distribution company transporting Gas to the Point(s) of Receipt.

"Shipper's Up-stream Capacity" shall mean the secured availability and rights of a Shipper to transport Gas on the intrastate pipeline, interstate pipeline, or local distribution company necessary for transporting Gas to the Point(s) of Receipt. (See "Shipper's Transporter")

"Transportation" shall mean the movement of gas from the Point(s) of Receipt to the Point(s) of Delivery.

"Transportation" in a more generic form can also mean the movement of gas within the interconnected systems of interstate pipelines, intrastate pipelines and local distribution companies.

"Transportation Service Agreement" shall mean all written contracts executed by the Shipper and Company and any exhibits, attachments and/or amendments thereto for Transportation Service (TR-1, TR-2, and TR-3).

Continued On Sheet No. E-5.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
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Michigan Public Service Commission
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Continued From Sheet E-4.00

E3. TRANSPORTATION SERVICE

A. Balancing Tolerances

Shippers taking Transportation Service are expected to take delivery of the Gas received by the Company on their behalf on the Day it is received. It is recognized that Shippers may be unable to control exactly the quantities of Gas delivered by the Company hereunder on any Day, and that the actual quantities received by the Company on the Shipper's behalf may vary above or below the actual quantities delivered on any given Day. Such variations shall be considered imbalances and shall be kept to the minimum permitted by operating conditions in accordance with the Daily Balancing Tolerance and the Monthly Cash-Out provision.

B. Receipt and Delivery of Gas

The Company, at its discretion and subject to the other provisions hereof, shall allow alternate Points of Receipt when operationally feasible given distribution system constraints. Any restriction in Receipt Point(s) shall be Issued in a non-discriminatory manner.

The Company, subject to the other provisions of this tariff, shall deliver to the Shipper each day Equivalent Quantities of Gas less Gas in Kind at the Point(s) of Delivery up to the Maximum Daily Quantity (MDQ) agreed to in the Transportation Service Agreement with Shipper.

C. Pressure

The Company shall not be required to alter its prevailing line pressure at the Point(s) of Receipt into its system or at the Point(s) of Delivery to Shipper.

D. Measurement

All Gas delivered to the Shipper shall be measured by the Company. The accuracy of meters used for such purpose shall be evaluated and maintained in accordance with the Michigan Public Service Commission's Technical Standards For Gas Service (Technical Standards).

E. Limitations of Service

The Company shall not be required to perform service under a Transportation Service Agreement on behalf of any Shipper failing to comply with any and all terms of the Service Agreement, Transportation Service Schedules and/or the Company's Rules and Regulations for Transportation Service.

F. Commingling

The Company shall have the unqualified right to commingle Gas transported hereunder with Gas from other sources. It is recognized that Gas redelivered at the Point(s) of Delivery may not be the same molecules as those received at the Point(s) of Receipt but shall be of comparable quality.

H. Issuance of Penalties

The Company may, at its option, waive enforcement of provisions which carry penalty fees, so long as such waiver is done in a non-discriminatory manner. The Company may, at its option, reduce all or a portion of the amount of a penalty so long as such reduction is warranted and is done in a non-discriminatory manner. Any such waiver of penalty enforcement by the Company, in any particular instance or circumstance, shall not prevent the Company's enforcement in subsequent instances or circumstances, whether similar in nature or different.

Continued On Sheet No. E-6.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet E-5.00

E4. RESPONSIBILITY FOR GAS

A. Shipper's Up-stream Capacity

Shipper shall be responsible for making all necessary arrangements for the delivery of Gas to the Point(s) of Receipt including securing all necessary Up-stream Capacity.

B. Possession of Gas

The Company and Shipper shall each be responsible for their own equipment, facilities and Gas on their own side of a delivery point. The Company and Shipper shall each have good title or good right to make such a delivery and further, shall warrant for itself, its personal representatives, successors and assigns that such Gas shall be free and clear of all liens, encumbrances and claims whatsoever. With respect to any such adverse claim that may arise to said Gas or to royalties, taxes, license fees or charges thereon, the party delivering or causing the delivery of the Gas shall indemnify and save the receiving party harmless from all suits, actions, debt, accounts, damages, costs, losses and expenses arising from or out of same, provided that the receiving party gives the other prompt notice of any such adverse claim.

C. Limitations of Liability

The Company shall not be deemed to be in control and possession of the Shipper's Gas until such Gas has been delivered to the Company by the Shipper's Transporter at the Point(s) of Receipt. Thereafter, the Company shall be deemed to be in control or possession of the Gas until the Gas is delivered to the Shipper's Point(s) of Delivery, after which the Shipper shall be deemed to be in control and possession thereof. Gas shall be and remain the property of the Shipper while in the possession of the Company. The Shipper shall be responsible for maintaining all insurance deemed necessary to protect any property interests in such Gas, during and after receipt by the Company.

E5. TRANSPORTATION STANDARDS OF CONDUCT

This rule is intended to promote fair competition and a level playing field among all participants involved in transportation within the Company's regulated gas service territory. The Company will conduct its business to conform to the following Transportation Standards of Conduct:

A. The Company will apply any tariff provision relating to transportation service in the same manner without discrimination to all similarly situated persons.

B. The Company will not give its marketing affiliate or customers of its affiliate preference over any other non-affiliated gas marketers or their customers in matters relating to transportation service including, but not limited to, nominating, balancing, metering, billing, storage, standby service, curtailment policy or price discounts.

C. The Company will not communicate to any customer, Supplier or third parties that any advantage may accrue to such customer, Supplier or other third party in the use of the Company's services as a result of that customer, Supplier or other third party dealing with its marketing affiliate and shall refrain from giving any appearance that it speaks on behalf of its affiliate.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No. E-7.00
Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-6.00

D. The Company will process all similar requests for transportation service in the same manner and within the same period of time.

E. The Company will not provide leads or provide market sensitive information regarding a current or potential customer or marketer to its marketing affiliate. If a customer requests information about marketers, the Company will provide a list of all marketers operating on its system, including its affiliate, but will not promote its affiliate.

F. If a customer makes a request in writing that its historic volumetric sales and transportation data be provided to a particular marketer or marketers in general, that request will be honored by the Company until revoked by the customer. To the extent the Company provides to its marketing affiliate a discount or information related to the transportation, sales or marketing of natural gas, including but not limited to the Company's customer lists, that is not readily available or generally known to any other marketer or Supplier or has not been authorized by a customer, it will provide details of such discount or provide the information contemporaneously to all potential marketers on its system that have requested such information.

G. The Company will not condition or tie its agreement to release interstate pipeline capacity to any agreement by a gas marketer, customer, Supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.

H. The Company will not condition or tie an agreement to provide a transportation discount to any agreement by a marketer, customer, Supplier or pipeline transporter relating to any service in which its marketing affiliate is involved.

I. The Company's operating employees and the operating employees of its marketing affiliate will function independently of each other, be employed by separate business entities, and reside in separate offices.

J. The Company will keep separate books of accounts and records from those of its marketing affiliate.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

E6. TRANSPORTATION STANDARDS OF CONDUCT COMPLAINT PROCEDURES

If the Company receives a verbal complaint related to its Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas, Section E5, Transportation Standards of Conduct, the Company will attempt to resolve the complaint on an informal basis.

In case of a formal complaint, the procedures outlined below will be followed:

A. Complainant will route all formal complaints in writing to:

SEMCO Energy Gas Company
1411 Third Street, Suite A
Port Huron, MI 48060
Attention: Executive Customer Assistance Center

B. The Company will acknowledge the receipt of the formal written complaint, in writing, within five working days of receipt by the Company.

C. The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.

D. The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 30 days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.

- E. 1) If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
- 2) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Michigan Public Service Commission.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

TRANSPORTATION SERVICE - (TR-1, TR-2, and TR-3)

Availability

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper") for the transportation of gas within the Company's Service Territory, when:

A. Shipper desires Transportation Service; and

B. Shipper has met the conditions specified in Section E of the Company's Rules and Regulations for Transportation Service; and

C. Shipper has agreed to provide a dedicated active telephone line, a 110 volt electrical outlet at the meter site and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. Failure to maintain the telephone line, electrical outlet and other facilities may result in discontinuation of transportation service, or the Company may dispatch service personnel to obtain physical meter reads at the Shipper's expense, for each occurrence.

D. Shipper has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Shipper's premises, and Shipper has agreed, at all times, to allow the Company to perform the work required to maintain the specialized metering equipment. Failure to provide such access may result in discontinuation of transport service. Upon request, the Company will make available to the Shipper the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. Upon request, and at Shipper's expense, the Company will permit the Shipper or an Authorized Agent to install such additional equipment as may be necessary to allow remote monitoring of gas flow by Shipper or the Authorized Agent.

E. Shipper and Company have executed a Transportation Service Agreement for service under this Rate Schedule. Shipper must contract for delivery of Gas to a specific Point(s) of Receipt where Shipper's Transporter will deliver Shipper's Gas to the Company and a specific Point(s) of Delivery where the Gas will be consumed. Gas delivered under the terms of this rate may not be resold.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No. E-10.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-9.00

Characteristics of Service

This Rate Schedule shall apply to all Transportation Service rendered by the Company for Shipper pursuant to the executed Transportation Service Agreement for service under this Rate Schedule.

Service under this Rate Schedule shall consist of:

A. The receipt of Gas on behalf of Shipper at the Point(s) of Receipt specified in the executed Transportation Service Agreement

B. The transportation of Equivalent Quantities of Gas less volumes retained for Gas in Kind through the Company's system; and

C. The delivery of Gas by the Company to Shipper at the Point(s) of Delivery specified in the executed Transportation Service Agreement. All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper on a firm basis, subject to curtailment, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

Maximum Daily Quantity (MDQ)

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Transportation Service Agreement between the Shipper and the Company and shall be based on the Shipper's historical peak daily volume, less any Coal Displacement Volumes and adjusted for known or expected changes. If actual historical peak day volumes cannot be determined, the Company will utilize an estimate based on the Shipper's facilities and the Company's distribution system capabilities.

The Company may, at its discretion, deliver to a Shipper volumes in excess of its MDQ, subject to restrictions under Rule C3.2 curtailment provisions.

A Shipper may request an adjustment of its contractual MDQ. However, if the Company does not have adequate facilities in place to deliver greater volumes to a Shipper than Shipper's current MDQ, the Company may deny such adjustment until the Company determines that it has adequate facilities to meet the increased demand.

The Company will determine MDQs in a non-discriminatory manner.

Shipper's Up-Stream Capacity

Customers taking Transportation Service are responsible for arranging for their own up-stream transportation of Gas to the Company.

From time to time the Company may have excess up stream pipeline capacity available for prearranged release but does not guarantee such availability. The Company shall release such capacity in a non-discriminatory manner.

Continued On Sheet No. E-11.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-10.00

Nominations

Not later than 11:30 a.m. ECT, Shipper or Shipper's Authorized Agent shall, by telephone or other electronic means designated by the Company, provide the Company with the daily nomination quantity requested for receipt or delivery. The Company may waive the nomination deadline upon request by Shipper or Shipper's Authorized Agent, if, in its judgment, operating conditions permit such waiver.

Balancing Requirements

Daily Balancing Tolerance - Shippers taking Transportation Service are expected to take delivery of the Gas received by the Company on their behalf on the Day it is received. It is recognized that Shippers may be unable to control exactly the quantities of Gas received by the Company hereunder on any Day, and that the actual quantities delivered by the Company may vary above or below the actual quantities received on any given Day. Shippers will be allowed a Daily Balancing Tolerance Limit (DBT) which consists of the Shipper's contract FBT plus their entitlement of IBT.

Firm Balancing – (Optional Service) -- The Company shall attempt to secure a sufficient quantity of firm balancing assets (on system or off system storage and/or up stream firm capacity or no notice services) to provide an optional Firm Balancing Tolerance (FBT) of fourteen percent (14%) of the Shipper's normalized average daily usage, less any coal displacement volumes, to all Shippers in all portions of its service territory. On those portions of the Company's system where the Company is able to secure firm balancing assets, the Shipper shall pay a Firm Balancing Charge on all Dth of delivery by the Company to the Shipper during the month. On those portions of the Company's system where the Company has not yet been able to secure firm balancing assets, the Company will not provide an FBT and Shipper will not pay a Firm Balancing Charge until such assets are secured by the Company.

A Shipper's FBT shall be specified in the Shipper's Transportation Service Agreement and the Shipper's normalized average daily use for determining the FBT shall be reviewed and up dated once each year. Shippers may elect to have, or not have, such service once each year.

Supplemental Firm Balancing - On those portions of the Company's system where the Company is able to secure additional firm balancing services, Shippers with Points of Receipt on those system portions may request firm balancing services greater than fourteen percent (14%) of Shipper's normalized average daily use. Shipper shall pay a rate for such additional service equal to the Company's incremental cost to secure such services and will be obligated to contract for such services for a duration of time not less than the minimum length of time for which the Company must contract to secure such services. When Supplemental Firm Balancing services are subscribed to by a Shipper such that its total FBT exceeds twenty percent (20%) of its MDQ, that Shipper's DBT shall be increased to equal its FBT and no IBT shall be available to that Shipper.

Interruptible Balancing - The Shipper shall pay an Interruptible Balancing Charge, per Dth of Daily Imbalance within the Shipper's IBT, on all Dth of Daily Imbalance Gas that is greater than the FBT but within the DBT.

Excess Balancing - Except during periods an IBR Notice is in effect, the Excess Balancing Charge shall be applied to every Dth of imbalance, either positive or negative, which exceeds the DBT, but is within twenty percent (20%) of contract MDQ, for every Day of the Month in which the DBT is exceeded. During periods when an IBR Notice is in effect, Excess Balancing is eliminated for imbalances in the direction restricted by the IBR Notice.

Continued On Sheet No. E-12.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-11.00

Imbalance Penalty - All Dth of daily imbalance, either positive or negative, which exceed twenty percent (20 %) of the Shipper's contract MDQ, are subject to an Imbalance Penalty. The Imbalance Penalty is also applied to all Dth of imbalance that exceed the DBT in the direction, either positive or negative, that has been restricted by an effective IBR Notice.

A Shipper, balancing as an individual, shall be deemed to be in balance for each day that the meter or its associated devices at the Shipper's location has malfunctioned such that actual daily use for that day is unavailable. Upon completion of a meter adjustment and agreement of the imbalance that occurred during that period, Shipper shall have sixty (60) days to make up such imbalances without penalty. Scheduling of the volumetric imbalance will be on a best efforts basis for the Company to receive or deliver such quantities on a daily basis. The sixty (60) day make-up period may be adjusted, at the discretion of the Company, if requested by the Shipper. Scheduling of adjustment volumes shall be done in a non-discriminatory manner. Shipper and the Company, in lieu of volumetric makeup of the imbalance, may agree to resolve the imbalance using the Monthly Cashout provision set forth in this tariff. The cashout pricing used shall be the monthly cashout price(s) billed during the months for which the adjustment is applicable.

A Shipper in a balancing pool shall not be deemed to be in balance for each day that the meter or its associated devices at the Shipper's location has malfunctioned such that actual daily use is unavailable. Upon completion of a meter adjustment and agreement of the imbalance that occurred during that period, the Pool Manager shall have sixty (60) days to make up such imbalances without penalty. Scheduling of the volumetric imbalance will be on a best efforts basis for the Company to receive or deliver such quantities on a daily basis. The sixty (60) day makeup period may be adjusted, at the discretion of the Company, if requested by Shipper. Scheduling of adjustment volumes shall be done in a non-discriminatory manner. The Pool Manager and the Company, in lieu of volumetric makeup of the imbalance, may agree to resolve the imbalance using the Monthly Cashout provision set forth in this tariff. The cashout pricing used shall be the monthly cashout price(s) billed during the months for which the adjustment is applicable. If during the time for which the meter adjustment is applicable, Shipper was a member of different balancing pools, the imbalance and subsequent volumetric makeup shall be prorated to each balancing pool.

Metering malfunctions which require more than seven (7) days to resolve, and/or the failure of Shipper to allow the Company to perform necessary maintenance on measurement equipment, may require removal of Shipper from their balancing pool for billing purposes. Upon resolution of the meter problem, Shipper may be returned to their balancing pool on the first of the next calendar month.

Telephone communication failures shall not be deemed a metering malfunction and may not result in waiver of daily balancing charges. During the period in which the telephone line is unavailable, Company may remove Shipper from the balancing pool for billing purposes, and, at the Company's request, Shipper will provide the Company with weekly meter reads. Consumption shall be calculated as the difference between the current meter read and the previous meter read. The consumption for the period shall be allocated evenly for each day. If Shipper fails to provide requested meter reads, the Company may dispatch Company personnel, at Shipper's expense, for each occurrence, to provide the meter reads required. Shipper shall be charged time and materials based on the Company's tariff rates.

Payment of any Balancing Recovery Cost (BRC) charges or penalties by Shippers, Authorized Agents or Pooling Agents does not eliminate the imbalance, constitute a sale of gas, entitle Shipper or Shipper's Authorized Agent(s) to maintain an imbalance, nor allow Shipper or Shipper's Authorized Agent(s) to store gas on the Company's system. Accumulated imbalances are resolved at the end of the month under the Monthly Cash Out provision.

All revenues collected by the Company for BRCs shall be credited to the Cost of Gas Sold under Rule C7.2. It shall be the responsibility of the Shipper or Shipper's Authorized Agent(s) to adjust receipts of Gas to and deliveries of Gas from the Company to balance their accounts.

Continued On Sheet No E-13.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-12.00

The general balancing requirements are summarized as:

A. Daily Balancing

1. Shippers shall balance receipts by the Company on Shippers' behalf, less Gas In Kind, with their deliveries from the Company each Day within 0% to plus or minus their Daily Balancing Tolerance (DBT). The total DBT shall be the total of the Firm Balancing Tolerance (FBT) and the Interruptible Balancing Tolerance (IBT). The IBT may be restricted down to zero through issuance of an Interruptible Balancing Restriction (IBR) during periods of capacity constraint. The FBT shall only be reduced during periods of curtailment through issuance of an Operational Flow Order (OFO) by the Company.
2. On those portions of the Company's system where the Company has the ability to provide an FBT of fourteen percent (14%) of the Shipper's normalized average daily usage, the Shipper shall pay a Firm Balancing Charge on all Dth of delivery by the Company to the Shipper during the month. Where the company is unable to provide an FBT, Shippers are not subject to the Firm Balancing Charge.
3. Shippers shall pay the Interruptible Balancing Charge on all Dth of Daily Imbalance created by the Shipper which is greater than their FBT but within their DBT.
4. Shippers shall pay the Excess Balancing Charge on every Dth which exceeds the DBT but is within twenty percent (20%) of contract MDQ on any given Day, except that no Excess Balancing is available during the period an IBR Notice is in effect in the direction restricted.
5. All imbalance Dth that exceed twenty percent (20%) of contract MDQ or that exceed DBT in the direction restricted by an effective IBR Notice are subject to an Imbalance Penalty.
6. When the Company's ability to accommodate imbalances is restricted or impaired due to capacity constraints, the Company may issue an IBR Notice to reduce the IBT for either positive or negative imbalances for the Gas Day(s) and the portion of the Company's system that the IBR is effective. If it is necessary for the Company to curtail firm service, the Company may issue an Operational Flow Order (OFO) in accordance with Rule C3.2 to curtail the FBT.
7. Shippers may join into pre-arranged Pools, as provided for under the Pooling provisions of this Rate Schedule, for the purpose of netting daily imbalances.
8. Any applicable BRCs will be billed monthly.
9. During Periods in which the Company applies its curtailment priorities under rule C5.13, Shippers affected by the curtailment may be removed from their respective balancing pool and may be required to balance as an individual Shipper. Shippers affected by a gate station constraint will be notified of their removal from the balancing pool 24 hours prior to the gas day for which the gate station constraint is in effect. The notice will be posted on the Company's electronic bulletin board.

B. Monthly Balancing (Cash-Out)

Monthly imbalances are subject to the Monthly Cash-Out provision set forth in this tariff. Shippers may join pre-arranged Pools, as provided for under the Pooling provisions of this Rate Schedule, for the purpose of netting monthly imbalances.

Continued On Sheet No. E-14.00

Issued September 2, 2009 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI

Michigan Public Service Commission
September 2, 2009
Filed 

Effective for service rendered on
and after August 26, 2009.
Issued under authority of the
Michigan Public Service Commission
dated August 25, 2009
in Case No. U-15953.

Continued From Sheet No. E-13.00

Interruptible Balancing Restriction Notice (IBR Notice)

During any period in which the Company's ability to accommodate imbalances is restricted or impaired due to capacity constraints, the Company may issue an IBR Notice to restrict the Shipper's IBT for either Positive or Negative Imbalances. The Company shall issue the IBR for all customers in its Upper Peninsula service territory, all customers in its Lower Peninsula service territories, or system wide as conditions dictate. The IBR Notice will restrict the percentage level of DBT available in either the positive or negative direction. The DBT in the direction opposite of the restriction will increase by the same percentage.

The Company may issue an IBR Notice for the portion of its system so affected by notifying affected Shipper's or Shipper's Authorized Agents by telephone or other electronic means as soon as possible, but no later than two (2) hours before nominations are due to Shipper's Transporter for the Day(s) during which it will be in effect. The Company will issue an IBR Notice in a nondiscriminatory manner.

Each IBR Notice will indicate, when it is Issued:

- A. The portions of the Company's system affected,
- B. The direction and amount that the DBT is restricted, either positive or negative and as a percent of the lesser of nominations or MDQ, and
- C. The direction and amount that the DBT is increased, in the opposite direction of the restriction, either positive or negative as a percent of the lesser of nominations or MDQ and
- D. The time period when the IBR Notice is in effect.

During the period of an IBR Notice, the DBT shall be the greater of:

- A. The Shipper's FBT, or
- B. The restricted DBT percentage times the lesser of nomination or MDQ.

Imbalances that are restricted by an IBR Notice are subject to the Imbalance Penalty, applied to all Dth of imbalance that exceed the DBT for each day that the IBR Notice is in effect, in lieu of the Excess Balancing Charge when:

- A. An IBR Notice is Issued to restrict Positive Imbalances and the actual Dths received by the Company on Shipper's behalf, less Gas in Kind, exceed Shipper's deliveries by more than the DBT.
- B. An IBR Notice is Issued to restrict Negative Imbalances and amounts delivered to the Shipper exceed the Company's receipts on Shipper's behalf, less Gas in Kind by more than the DBT. In instances where Shipper violation of IBR Notice restrictions causes the Company to incur imbalance penalties on up-stream pipelines, and where incurring of pipeline penalties cannot reasonably be avoided by acquisition of gas supplies at the Company's city gate stations, then the cost of such pipeline penalties will be passed through to the customer in violation. Pipeline penalties assessed to customers are in addition to the Imbalance Penalty.

All Imbalance Penalty recoveries will be credited to the Cost of Gas Sold under Rule C7.2.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Continued On Sheet No E-15.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-14.00

Monthly Cash-Out

When monthly receipts of Gas by the Company on behalf of a Shipper, less Gas In Kind, exceed monthly deliveries of Gas to the Shipper, a Positive Monthly Imbalance exists. If the Shipper has a Positive Monthly Imbalance, then the Company will credit the Shipper's account for the purchase of the imbalance Gas, in accordance with the schedule below. The cash-out provisions shall be applied by imbalance layer where the Positive Monthly Imbalance exceeds the first imbalance layer.

<u>Imbalance Layer #</u>	<u>Monthly Positive Imbalance</u>	<u>Action Taken By the Company</u>
1	0 % - 5 %	Rollover to the following month
2	> 5 % - 20 %	Purchase at the Least MIP less Applicable Transportation
3	> 20 %	Purchase at 50% of the Least MIP less Applicable Transportation

When monthly receipts of Gas by the Company on behalf of a Shipper, less Gas In Kind, are less than monthly deliveries of Gas to the Shipper, a Negative Monthly Imbalance exists. If the Shipper has a Negative Monthly Imbalance, then the Company will bill the Shipper's account for the sale of the imbalance Gas, in accordance with the schedule below. The cash-out provisions shall be applied by imbalance layer where the Negative Monthly Imbalance exceeds the first imbalance layer.

<u>Imbalance Layer #</u>	<u>Monthly Negative Imbalance</u>	<u>Action Taken By the Company</u>
1	0 % - 5 %	Rollover to the following month
2	> 5 % - 20 %	Sell at the Greatest MIP plus Applicable Transportation
3	> 20 %	Sell at 200% of Greatest MIP plus Applicable Transportation

The Monthly Imbalance, Positive or Negative, is the amount of Shipper's Monthly Imbalance divided by the amount of Gas received by the Company on the Shipper's behalf, net of Gas In Kind, during the Month.

The Monthly Index Price (MIP) is defined as the spot gas price as listed in Gas Daily, City Gate, Pooling point prices among the Mich Con, Consumers Energy and Chicago LDCs. The Least MIP is the lowest price that appears in for the MIP index for any date of the month in which the imbalance occurred. The Greatest MIP is the highest price that appears for the MIP index for any date of the month in which the imbalance occurred.

"Applicable Transportation" is defined as the maximum transportation rate on Consumers Energy's system in accordance with their filed tariff as approved by proper regulatory authority.

If Gas Daily ceases publication of the indicated index, then the Company may substitute a replacement index that is representative of the Company's market throughout the month, preferably a daily index. The Company will provide notice to its customers and to the MPSC Staff of a replacement index and seek agreement from MPSC Staff for use of the replacement index.

Continued on Sheet No. E-16.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-15.00

All monthly cash-out transactions shall be charged or credited to the Cost of Gas Sold under Rule C7.2.

In order to minimize outstanding imbalances and to expedite the cash-out process, it may be necessary from time to time to utilize estimated or preliminary imbalance reports when cashing-out the current month. Where subsequent corrections for final imbalance reports become available after a month has been cashed-out based upon estimates, the corrected Dth imbalances will be priced out at the applicable MIP from the month incurred.

Pooling

Pooling permits a Shipper's Pooling Agent to combine the usage of a group of Transportation Service Shippers for the purpose of netting the imbalances of the members of the pool on both a daily and monthly basis.

An individual Pool may group Transportation Service Shippers which utilize a common Up-Stream transportation provider. Where an Up-Stream transportation provider segments portions of the Company's service territory into separate balancing groups, an individual pool may only group Shippers common to that specific balancing group unless the Company allows such. Any or all Shippers common to an Up-Stream Transporter, which does not restrict balancing groups, may form single or multiple Pools. A Shipper is entitled to one pool per account or Aggregation for any given month.

To create a Pool, Pooling Agents must obtain the signatures of the Pool members on a Pooling Agreement which shall set out the rules under which the Pool will operate, including the method for allocating balancing charges and penalties incurred by the Pool to the Pool members. Each Month that the membership in the Pool changes, the Pooling Agent must provide a copy of the Pooling Agreement, with the signatures of the current Pool members, to the Company at least fifteen (15) days prior to the first day of the Month. Submission may be by fax or other electronic means as approved by the Company.

When Shippers have joined in a Pool, the Pooling Agent shall become responsible for all Balancing Recovery Costs, as well as penalties as a result of curtailment in accordance with Rule C3.2 incorporated in the Company's tariffs, as allocable to the Pool or an individual Shipper within the Pool. The Company shall determine the net daily imbalance of the Pool, apply the appropriate charges (based on conditions in effect for the pool on that day) and render a bill for such charges to the Pooling Agent. The Pooling Agent may assess or allocate charges to members of the Pool in accordance with any terms of the Pooling Agreement. The Company will not assess individual Shippers within a pool any charges that are assessed to their Pooling Agent except in cases of nonpayment by the Shipper's Pooling Agent. The Company shall continue to render monthly billings to the individual Shippers in a Pool for services rendered excluding the items billed to the Pooling Agent.

A Pooling Agent shall be subject to the tariff provisions under Rule C5 and Due Date and Late Payment Charge provisions of this tariff for charges and penalties allocated to the pool. In the event of non-payment by a Pooling Agent, Shippers in the Agent's pool may be held responsible for payments in lieu of suspending service, and the Pooling Agent may be immediately suspended from pooling on the Company's system. All Shippers will be pro-rated the Pool Agent's incurred charges less late fees based on each Shipper's individual usage for each month during the applicable time period(s) for which the Pool Agent has defaulted on payment(s).

A Pool may consist of no less than two Shippers. Shippers may change Pools each Month if the Company is provided with fifteen (15) days notice. In the event that a Shipper declares bankruptcy, the Pooling Agent may request, and the Company may grant, a waiver of the 15 day notice requirement. The Company will verify the reported bankruptcy of the Shipper prior to granting a waiver. If such waiver is granted, Pooling Agent must then provide seven (7) days notice to remove a Shipper from the pool. The Pooling Agent will be held responsible for all penalties and balancing charges for the Shipper until the Shipper is removed from the balancing pool.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI



Continued On Sheet E-17.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-16.00

Aggregation of Accounts Option

A customer receiving gas service at multiple facilities under common ownership may elect to aggregate the quantities of gas supplied to such facilities if the following conditions are met:

A. The customer must designate one of the facilities as the master account. The master account must be a Transportation Service account (TR-1, TR-2 or TR-3).

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 the General Service Rate (GS-1, GS-2 or GS-3). The customer, or the customer's agent, must specify which of the other facilities will be designated as the subsidiary account(s). 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 the provisions of its transportation tariff. The FBT for the aggregation shall be based on fourteen percent (14%) of the master account normalized average daily usage. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, including remote metering, except that the subsidiary accounts will pay the customer charge and distribution charge in effect for its designated sales rate rather than the customer charge and transportation charge in effect for the master account.

Rates

Subject to such modifications as may be imposed and/or authorized by the Michigan Public Service Commission (MPSC), each Month Shipper shall, where applicable, pay the Company the following amounts:

Monthly Charges:	<u>TR-1</u>	<u>TR-2</u>	Service Category <u>TR-3</u>
Customer Charge	\$ 350.00 per meter	\$ 1590.00 per meter	\$ 7,290.00 per meter
Remote Meter Charge	\$ 75.00 per meter	\$ 75.00 per meter	\$ 75.00 per meter
Transportation Rates:			
Peak (November to March)	\$ 0.9068 per Dth	\$ 0.6279 per Dth	\$ 0.4031 per Dth
Off-Peak (April to October)	\$ 0.7568 per Dth	\$ 0.4779 per Dth	\$ 0.2531 per Dth

Continued On Sheet No. E-18.00

Issued December 27, 2010 by
Michael V. Palmeri
Exec. V.P. and C.F.O.
Port Huron, MI



Effective for service rendered on
and after January 1, 2011.
Issued under authority of the
Michigan Public Service Commission
dated December 21, 2010
in Case No. U-16169.

Continued From Sheet No. E-17.00

Selection of Service Category

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule C4.1. When Customers are selecting their initial Service Category, the Company must advise them that the economic break even point between TR-1 and TR-2 is 50,102 Dth per year and the economic break even point between TR-2 and TR-3 is 300,175 Dth per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule C4.1.

Customer Charge and Remote Meter Charge

Shipper shall pay the designated Customer Charge and Remote Meter Charge per Month for each meter through which Shipper's deliveries of Gas are designated as a Point(s) of Delivery on Shipper's Transportation Service Agreement, regardless of whether Gas was delivered through such meter during the Month, except as provided for in Rule C3.2 of the Company's Rules and Regulations.

Transportation Rate

Shipper shall pay the appropriate Transportation Rate multiplied by the quantity of Gas in Dth which the Company delivered to the Shipper at the Point(s) of Delivery during the Month. Peak Transportation Rates are applicable during the billing months of November through March and Off-Peak Transportation Rates are applicable during the billing months of April through October. For purposes of applying the Transportation Rates, the "billing month" shall correspond as close as practicable to the calendar month.

If the Gas to be transported is an incremental load which will be used to displace coal or coal derived fuels and will be delivered during a time when the Company has sufficient capacity, then the Transportation Rate for such incremental load shall be a rate, as negotiated between the Company and the Shipper, between a floor of \$0.05 per Dth and a ceiling price equal to the full rate shown on the applicable rate schedule. The Shipper shall also pay all applicable surcharges for all gas delivered and all applicable BRCs for all Dth of Daily Imbalance created by the shipper. The minimum charge for such coal displacement service shall be the monthly Customer Charge and Remote Meter Charge. All coal displacement volumes are interruptible by the Company. Coal displacement volumes are excluded for purposes of determining a Shipper's MDQ and FBT.

Gas in Kind

The Company shall retain 1.17% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

Balancing Charges

Firm Balancing Charge

All Shippers, for whom the Company has an available FBT, shall pay \$ 0.03440 per Dth of Gas delivered by the Company to the Shipper during the month.

Interruptible Balancing Charge

Shippers shall pay an Interruptible Balancing Charge of \$ 0.1000 per Dth of Daily Imbalance Gas that is greater than the FBT but within the DBT.

Continued On Sheet No. E-19.00

Issued December 27, 2010 by
Michael V. Palmeri
Exec. V.P. and C.F.O.
Port Huron, MI



Effective for service rendered on
and after January 1, 2011.
Issued under authority of the
Michigan Public Service Commission
dated December 21, 2010
in Case No. U-16169.

Continued From Sheet No. E-18.00

Excess Balancing Charge

For each Day of the Month that Shipper's imbalance exceeds the DBT, Positive or Negative and is not subject to an IBR Notice, Shipper shall pay the Excess Balancing Charge on all Dth which exceed the DBT but are less than twenty percent (20%) of the contract MDQ. No Excess Balancing is available, and consequently no Excess Balancing charges are applicable, during the period an IBR Notice is in effect in the direction restricted.

Positive Imbalance: \$ 0.4691 per Dth
Negative Imbalance: \$ 1.0000 per Dth

Imbalance Penalty

All Dths which exceed twenty percent (20%) of contract MDQ are subject to an Imbalance Penalty of the higher of \$10.00 per Dth of imbalance or the highest price reported for Mich Con, Michigan Consumers Energy and Chicago LDCs, during the applicable period, as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service.

During periods when the DBT is reduced (in one direction) by an IBR Notice, all Dths which exceed the DBT (in that direction) are subject to an Imbalance Penalty of the higher of \$10.00 per Dth of imbalance, or the highest price reported for Mich Con, Michigan Consumers Energy and Chicago LDCs, during the applicable period, as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service.

Surcharges and Credits

Gas service under this rate may be subject to surcharges and/or credits as shown on Sheet No. E-1.00.

Gas Cost Recovery Charge

This rate is not subject to the Gas Cost Recovery Charge shown on Sheet No. D-3.00 of the Company's Rules and Regulations.

Pipeline Penalties

Where an up-stream pipeline assesses charges or penalties to the Company for actions attributable to one or more Shippers, the Company may directly assess those charges or penalties to the Shipper(s). Shippers affected by the Gate Station Constraint will be notified of the assessment of pipeline penalties by a notice posted on the Company's electronic bulletin board.

Determination of BTU Factor

The gas transported shall have a total heating value per standard cubic foot of not less than 950 Btu nor more than 1,100 Btu. The BTU Factor shall be converted to a billing basis of 14.65 dry before application to a Shipper's metered volume. The BTU Factor for the gas delivered through the Company's city-gates shall be determined daily, by the Company, for the most recently expired Gas Day (Day A). Day A's weighted average BTU factor shall be determined as the quotient of the total energy (Dth) and the total volume (Mcf) delivered through all of the Company's city-gates. Day A's weighted average Btu shall be posted by Noon, Eastern Clock Time (ECT), of the first (1st) succeeding Gas Day (Day B). For purposes of converting a Shipper's metered volumes to an energy (Dth) basis the result of Day A's Btu Factor calculation shall then be applied and utilized as the accepted Btu Factor for the second (2nd) succeeding Gas Day (Day C).

Issued September 2, 2009 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI



Continued On Sheet No. E-20.00

Effective for service rendered on
and after August 26, 2009.
Issued under authority of the
Michigan Public Service Commission
dated August 25, 2009
in Case No. U-15953.

Continued From Sheet No. E-19.00

Emergency Gas Usage Charge

The Company will provide emergency, short-term Gas on a First Come-First Served, best efforts basis to all Shippers desiring such service, subject to the provisions of this Charge. The Company will only approve emergency service when it anticipates in advance of the gas day that it will have gas available.

In addition to all the applicable charges of this Rate Schedule, Shipper shall pay an Emergency Gas Usage Charge of \$2.00 per Dth plus the highest cost of delivered Gas experienced by the Company on that Day per Dth for all emergency Gas purchases.

Shippers requesting emergency service must obtain prior approval from the company by telephone or other electronic means approved by the Company, each Day Shipper requests emergency service, before actually taking emergency short term Gas. Shippers not requesting or obtaining approval from the Company will be charged in accordance with all Balancing Charges, Penalties, Monthly Cash-Out and any other applicable pricing provisions in this rate schedule.

Emergency Gas Usage Charges will be credited to the Company's Booked Cost of Gas Sold as defined in Section C7.2 of the Company's Rules and Regulations for all Shippers.

Discontinuation of Service

In addition to the other provisions of this tariff, if a Shipper, balancing as an individual shipper, consumes gas but fails to provide gas supply to the Company's Point of Receipt for transportation to Shipper's Point of Delivery for two (2) consecutive days, the Company shall attempt to contact the Shipper by telephone or in person. If contact attempts are unsuccessful, a notice shall be left at the premises in a conspicuous location indicating that transportation service may be discontinued within two (2) business days of the notification if Shipper fails to arrange for gas supply, or contact the Company to make alternative arrangements.

If a Marketer or Pooling Agent wishes to discontinue delivery of supply to a Shipper, balancing as part of a pool, the Marketer or Pooling Agent must notify the Company, in writing, at least 10 business days prior to the date deliveries will cease. The Company will notify Pooling Agent of the date the Shipper may be removed from the pool. The Company shall attempt to contact the Shipper by telephone or in person to notify the Shipper that service may be discontinued within two (2) business days if shipper fails to arrange for supply. If contact attempts are unsuccessful, a notice shall be left at the premises in a conspicuous location. Until such time that Shipper is removed from the Pooling Agent's balancing pool, the Pooling Agent shall continue to be responsible for all Balancing Recovery Costs, as well as penalties, as a result of curtailment in accordance with Rule C3.2 incorporated in the Company's tariffs as allocable to the Pool or an individual Shipper within the pool. If during the 10-day period the Marketer or Pooling Agent wishes to reinstate the Shipper to the pool, the Marketer or Pooling Agent shall inform the Company, in writing, of such request and the Company may grant such request. Once a Shipper has been reinstated to the balancing pool, another full 10-day notification period will be required to remove the Shipper from the pool.

Shippers under this rate schedule who request a turn-off and turn-on of gas service at the same premises within a twelve month period shall be subject to a \$75.00 turn-on charge, and the associated monthly charges under this rate schedule for the period during which gas service was turned off.

Continued On Sheet No. E-21.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-20.00

Due Date and Late Payment Charge

A bill shall be mailed or delivered to the customer not less than 21 days before the due date. A late payment charge of three percent (3%) of the delinquent balance outstanding shall be applied to any bill which is not paid on or before the due date shown thereon. If such failure to pay continues for thirty (30) days after payment is due, then, in addition to any other remedy it may have, the Company may suspend further receipt and/or delivery of Gas until such amount is paid, provided however, that the Company provides at least five days notice before service is suspended for nonpayment. Billing may be based upon estimated quantities if actual quantities are unavailable at the time of billing. In that event, the Company shall provide in the succeeding month's billing an adjustment based on any difference between actual and estimated quantities.

Contract Form and Term

All service under this rate will require the Shipper and the Company to execute a Transportation Service Agreement. All Service under this Rate Schedule must be contracted for a term of at least one year. The Company may require that a Customer, who is eligible to return to sales service, file a written application giving a minimum of 12 months notice of intent to return to sales service. The Company reserves the right to approve an application for the return to sales service subject to the Company's Controlled Service Rule C2.

Billing, Records, Accounting and Payment

A. Issuance, Payment and Inquiry of Billings

The Company shall furnish, or cause to be furnished, to Shipper, on or before the fifteenth (15th) Day of each Month, a billing of charges for service during the prior Month. Such charges may be based on estimated quantities if actual quantities are unavailable in time to prepare the billing. In that event, the Company shall provide, in the succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities.

The Company will issue a separate billing for service under each of Shipper's Service Agreements.

Each party to a Transportation Service Agreement shall have the right at all reasonable times to examine the books, records and charges of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provision of the Agreement.

B. Mailing of Notices, Bills and Payments

All notices, bills and payments required or permitted to be given in connection with Transportation Service shall be sent to the address specified in the Transportation Service Agreement unless otherwise indicated therein, shall be in writing and shall be valid and sufficient if delivered in person, by first class mail, via Western Union telegram, express mail, courier, fax or other electronic means provided by the Company.

C. NSF Checks and On-Premise Collections

Refer to Rule C5.10 in section C of the Company Tariff.

Continued On Sheet No. E-22.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-21.00

Credit, Deposits and Guarantees

The Company may require, as a guarantee of payment of current bills, a reasonable cash deposit from a customer or prospective customer in accordance with the Company's Billing Standards. The Company may waive this requirement with respect to any customer whose credit is established as being satisfactory to the Company. Any deposit shall be handled in accordance with the Company's Billing Standards rules.

Rules and Regulations

Service supplied under this rate schedule shall be governed by the Rules and Regulations of the Company as approved by the Michigan Public Service Commission.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Continued on Sheet E-23.00

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet E-22.00

OFF SYSTEM TRANSPORTATION SERVICE - (OST)

Availability

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper") for the transportation of gas within the Company's Service Territory, when:

- A. Shipper desires to move gas through the Company's system to an Off System location and
- B. Shipper has met the conditions specified in Section E of the Company's Rules and Regulations for Transportation Service; and
- C. Shipper has agreed to provide a dedicated telephone line, a 110 volt electrical outlet at the meter site and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. Shipper has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Shipper's premises. Upon request, the Company will make available to the Shipper the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. Upon request, and at Shipper's expense, the Company will permit the Shipper or an Authorized Agent to install such additional equipment as may be necessary to allow remote monitoring of gas flow by Shipper or the Authorized Agent.
- D. Shipper and Company have executed an Off System Transportation Service Agreement for service under this Rate Schedule.

Shipper must contract for a specific Point(s) of Receipt where Shipper deliver Gas to the Company and a specific Point(s) of Delivery where the Gas will exit the Company's system.

Definitions

As used in this rate schedule:

"Off System" means gas which is transported from a Point(s) of Receipt into the Company's system to a Point(s) of Delivery which is interconnected to a pipeline or other local gas distribution company.

"Operational Districts" shall mean those service territories located in segmented geographical areas of the Company's distribution/transmission system as stated on Sheets A-11.00 through A-14.00.

Continued On Sheet No. E-24.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed _____ 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-23.00

Characteristics of Service

The Company, in its sole judgment, shall have the right to determine if capacity, including adequate pressure differentials at the desired Point(s) of Receipt and Delivery, is available for transportation under this tariff. Service under this Rate Schedule shall consist of:

A. The Company shall receive Gas for the account of the Shipper at the Point(s) of Receipt and redeliver equivalent quantities, less gas in kind reimbursement retained by the Company, to the Shipper for the account of the Shipper at the Point(s) of Delivery;

B. Any rates, terms and conditions not covered by this tariff shall be as contained in the Company's Off System Transportation Agreement.

All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper on a firm basis, subject to curtailment, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

Maximum Daily Quantity (MDQ)

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Off System Transportation Service Agreement between the Shipper and the Company as determined by the Company.

The Company may, at its discretion, deliver to a Shipper volumes in excess of its MDQ, subject to restrictions under Rule C3.2 curtailment provisions.

Nominations

At the Company's discretion, the Company may require the daily nomination of all transported gas.

Balancing Requirements

The Company and Shipper shall work to keep the gas flow in balance at all times. If at any time the volumes of gas received by the Company at the Point(s) of Receipt are greater or lesser than the gas delivered at the Point(s) of Delivery, the Company may refuse, increase or decrease deliveries to correct the imbalances. If, upon termination of a contract between a Shipper and the Company, the Shipper has not delivered to the Company quantities of gas that are equal to those the Shipper has taken at the Point(s) of Delivery, the Shipper must deliver deficient volumes to the Company, within 60 days of the termination of the contract, at a mutually agreeable rate of delivery. If, then, the Shipper fails to correct the imbalance within the 60 days period, then the Shipper shall pay an unauthorized usage charge to the Company at a rate of \$10.00 per Mcf, plus the currently effective Gas Cost Recovery Factor at that time for all such deficient volumes.

Continued on Sheet No. E-25.00

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

Continued From Sheet No. E-24.00

Rates

A Shipper shall pay to the Company a monthly fee comprised of the sum of:

- A. a Monthly Administrative Fee of \$300; and
- B. a Remote Meter Charge of \$75 per meter per month, and
- C. a charge, not to exceed \$0.150 per Mcf, consisting of a demand portion and commodity portion.

The demand rate and the commodity rate shall be negotiated between the Shipper and the Company in the Off System Transportation Agreement entered into between the Shipper and the Company.

Gas in Kind

The Company shall retain 1.17% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed <u>RL</u>

Effective for service rendered on
and after October 10, 2007.
Issued under authority of the
Michigan Public Service Commission
dated October 9, 2007
in Case No. U-15152.

**SECTION F
RULES AND REGULATIONS
FOR GAS CUSTOMER CHOICE PROGRAM**

F1. GENERAL PROVISIONS

A Supplier desiring to supply gas to customers under the Gas Customer Choice Service Rate CC (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.

- F1.1 Participation and Solicitation.** Customers may elect to participate in the Program and Suppliers may solicit customer participation at any time.
- F1.2 Term Compliance.** 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.
- F1.3 Supplier Selection.** 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.
- F1.4 Supplier Deposit or Surety Requirements.** 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.

Continued On Sheet No. F-2.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI



Effective for service rendered on
and after November 13, 2009
Issued under authority of the
Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-1.00

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.

F1.5 Supplier Pools. A Supplier may have as many pricing pools as desired. Each month, all customers within a pricing pool shall be billed the same price, as designated by the Supplier. A Supplier shall pay a monthly Administrative Fee of \$100.00 per Supplier-designated pricing category. The Company reserves the right to require additional pools to meet operational requirements.

F1.6 Daily Delivery Obligation. The Company will provide each Supplier with a monthly schedule of quantities for delivery of gas into the Company system on behalf of the Supplier's customers. The Company will issue a Daily Delivery Obligation (DDO) monthly, prior to the closing bid day of futures trading for the month. The DDO will establish the anticipated daily quantity of gas to be delivered to the Company at the Point(s) of Receipt designated by the DDO. The DDO will generally be based upon the pooled customers' historical use for the prior year, adjusted for the prior year's weather. The schedule may be updated by the Company on a monthly basis. The DDO is subject to intramonth changes as operational conditions dictate. If the Company requires an increase or decrease in flow requirements within any month, the Company shall issue a DDO Change Notice to the Supplier as soon as possible but no later than twenty-four (24) hours prior to the start of the Gas Day. The Company shall issue such notices in a non-discriminatory manner. Scheduled daily volumes for Gas Customer Choice customers for electric peakers, greenhouses, grain dryers, asphalt plants and large loads without consistent or historical load information may be determined by the Company on a different basis than set forth above.

If the Supplier fails to deliver the required DDO quantity on any day, the Supplier shall pay a per MMBtu Failure Fee for the difference between the required DDO and the actual amount delivered. The Failure Fee shall be \$6/MMBtu (\$10.00/MMBtu during periods of Company declared supply emergency in accordance with Rule C3, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule C7 or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Panhandle Eastern Pipe Line Company or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs. In addition, the Company may assess upstream penalties to the Supplier to the extent that the Company has identified the Supplier as the cause of the penalty.

A Supplier who fails to deliver gas on successive days such that its Failure Fee liability exceeds its cash deposit, letter of credit or surety bond, shall be subject to having its Authorized Supplier status revoked.

Continued On Sheet No. F- 3.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI



Effective for service rendered on
and after November 13, 2009
Issued under authority of the
Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-2.00

F1.7 Supplier Nomination. Each Supplier shall notify the Company's Gas Transportation Services Department of the daily quantity of gas (in MMBtu) that the Supplier is nominating for delivery on behalf of each Supplier-designated monthly pricing category. Such nominations shall be submitted by 12:30 PM Eastern time prior to the effective day of the proposed delivery.

F1.8 Customer Billing. All customer billing and remittance processing functions for services provided under Rate CC will be performed by the Company. The Supplier will be charged a monthly fee of \$0.30 per customer account. The Company will be responsible for credit and collection activities for the amounts billed directly to the customer by the Company. The Supplier must, at least three business days prior to the start of each billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf or Ccf to be billed to each Supplier-designated Pricing Category on its behalf, or the most recently supplied price will be used.

When a Supplier has more than one pool and delivers a monthly cumulative amount of gas to the Company that differs from the total Daily Delivery Obligations issued by the Company to the Supplier, the Company shall allocate any gas shortages to the highest priced pools first, when making remittances. For any monthly cumulative amounts of gas delivered to the Company in excess of the total Daily Delivery Obligations issued by the Company to the Supplier, the Company shall allocate such gas excess to the lowest priced pools first, when making remittances.

F1.9 Supply Remittance. The Company shall remit to the Supplier, approximately 21 days from the end of each calendar month, an amount for the cost of gas equal to the MMBtu quantities that the Supplier has delivered onto the Company's system, multiplied by the price per Mcf converted to MMBtu, billed to the Supplier's customers that month. The amount to be remitted shall be reduced for any applicable Administrative Fees, Billing Fees, Failure Fees, and/or amounts owed to the Company pursuant to the Company's tariff.

Continued On Sheet No. F- 4.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI

Michigan Public Service Commission
October 29, 2009
Filed 

Effective for service rendered on
and after November 13, 2009
Issued under authority of the
Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-3.00

F1.10 Reconciliation. Within 60 working days after the end of the March billing cycle, or revocation of a Supplier's Authorized Supplier status, the Company will reconcile the cost per MMBtu remitted to the Supplier per F1.9, before reductions for Administrative Fees, Billing Fees, Failure Fees, and any other authorized credits or charges. These costs will be converted to cost per Mcf using monthly system-average Btu content and be compared with the commodity price per Mcf billed to customers over the course of the program year on the Supplier's behalf. Any cost difference per Mcf, multiplied by the smaller of the program year's Supplier delivered Mcf or the billed customer Mcf, will be reflected in an adjustment on the next monthly remittance to the Supplier.

As an exception to the above, in those instances where both (i) the price per Mcf billed to customers during the program year on the Supplier's behalf is higher than the commodity cost of gas billed to sales customers by the Company, and (ii) the Supplier delivered Mcf exceeds the billed customer Mcf, then the following procedure will be used: (i) the Company will reconcile the amount billed to customers on the Supplier's behalf with the Company's remittance to the Supplier for the gas delivered, and any difference will be reflected in an adjustment on the next monthly remittance to the Supplier, and (ii) gas delivered by the Supplier in excess of the actual customer consumption will be returned to the Supplier in kind unless the Company and the Supplier mutually agree on a price for the Company to purchase the excess gas.

The annual load requirement, delivery schedules, delivery shortfalls, Failure Fees, other authorized credits or charges and annual reconciliations shall apply separately to each Supplier designated pricing pool.

F1.11 Compliance. If the Commission or its Staff determines that a Supplier has not complied with the terms and conditions of the Program, the Commission or its Staff shall direct a utility or utilities to suspend the Supplier's Authorized status until the Commission or its Staff determines that necessary changes have been made to comply with the requirements. Failure to make the necessary changes or further non-compliance with the requirements of the terms and conditions of the Program may result in the Supplier's termination from the Program. If a Supplier is terminated, subject to Rule C2, Controlled Service, its customers shall become sales rate customers of the Company.

F1.12 Month Defined. Where used in this Rule, the term "month," unless otherwise indicated, means billing month when referring to customer consumption and calendar month when referring to deliveries by Suppliers.

F1.13 Gas Rate Disclosure. The Company may disclose, at such times as requested by the Commission or its Staff, the gas rates charged to Rate CC customers.

Continued On Sheet No. F-5.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI

Michigan Public Service Commission
October 29, 2009
Filed 

Effective for service rendered on
and after November 13, 2009
Issued under authority of the
Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-4.00

- F1.14 Operational Flow Orders.** The Company shall have the authority to issue operational flow orders, or take other action which it deems necessary, to ensure system reliability, even if such action may be inconsistent with other provisions of these Program Rules.
- F1.15 Supplier of Last Resort.** The Company will act as Supplier of last resort under the Program.
- F1.16 Contract Language.** A Supplier must include the Company's required tariff language in all of its contracts. If a customer has a complaint against a Supplier, the customer should try to resolve it first with the Supplier. If the complaint is unresolved, the customer should involve the Commission by contacting the Commission Staff. Should the customer choose to involve the Company in a complaint, the Company shall forward the complaint information to the Commission Staff and the Supplier for resolution. The Company shall have no responsibility for resolving disputes between customers and Suppliers but shall provide information if requested by the customer or Commission Staff.
- F1.17 Transportation Standards of Conduct.** The Transportation Standards of Conduct, E5 and E6, shall apply to the GCC program.
- F1.18 Mcf to MMBtu Conversion.** The Company will convert customer consumption from Mcf to MMBtu using daily system-average Btu content by billing cycle.

F2. CUSTOMER PROTECTIONS

DEFINITIONS:

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.

Continued On Sheet No. F-6.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI



Effective for service rendered on
and after November 13, 2009
Issued under authority of the
Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-5.00

Customer:

Residential means a purchaser (account holder) of natural gas that is supplied or distributed by a utility for residential purposes.

Small Commercial means a non-residential customer (business name) with aggregate usage of 500 Mcf of natural gas or less per year.

Large Commercial means a non-residential customer (business name) with aggregate usage above 500 Mcf of natural gas per year that is supplied or distributed by a utility for non-residential purposes

Legally authorized Person means a person that has legal documentation or legal authority to enroll a residential or commercial customer into a binding contract. A legally authorized person includes, but is not limited to, an individual with power of attorney or a corporate agent authorized to enter into contracts on a corporation's behalf.

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

The terms **signature** or **signed** include electronic signatures as defined in the Michigan Uniform Electronic Transactions Act.

These provisions shall be monitored and enforced solely by the Commission or its Staff.

F2.1 Residential and Small Commercial Customer Protections. A Supplier must provide residential and small commercial customers with a 30-day unconditional right to cancel the contract without termination fees following the date the customer signs the contract. The first day of the 30-day period is the day after the contract is entered into by the customer. The exercise of this unconditional right by the customer may occur through a verbal or written communication with the Supplier. The Supplier shall promptly submit a de-enrollment file to the Company within three (3) business days after receiving notice that a customer has cancelled the contract in order to return to the Company sales rate. The Supplier shall not submit a de-enrollment file to the Company if the customer is transferring to another AGS. A customer who cancels within the specified period will be treated as not having exercised their customer choice option with respect to the enrollment which is cancelled. The Company is not required to de-enroll a customer until after it receives a de-enrollment file from the Supplier or a new enrollment file from a different Supplier.

F2.2 A customer has the right to terminate participation with a Supplier at any time after the unconditional cancellation period, through verbal or written communication with the Supplier. The customer may switch Suppliers or cancel their contract at anytime with a Supplier, however the customer shall be made aware of the existence and amount of any early termination fee by the Supplier. The Supplier shall execute a customer's request for cancellation without delay, irrespective of whether an early termination fee or other penalty is paid to the Supplier.

Continued On Sheet No. F-7.00

Issued October 22, 2009 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI

Michigan Public Service Commission
October 29, 2009
Filed _____ 

Effective for service rendered on
and after November 13, 2009
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Michigan Public Service Commission
Dated October 13, 2009
In Case No. U-15929

Continued From Sheet No. F-6.00

F2.3 Solicitation Requirements. A Supplier's sales representatives, agents, or employees must not represent itself in any manner as an employee, affiliate, subcontractor, or agent of the Company. A Supplier's sales representatives, agents, or employees must prominently display identification on the front of their outer clothing that identifies them as employees or agents working on behalf of a Supplier, and includes the name of the Supplier and the name and identification number of the person representing the Supplier. Suppliers must comply with all local ordinances before their sales representatives, agents, or employees begin door-to-door marketing. Door-to-door marketing and telephone marketing must be performed between 9:00 A.M. & 8:00 P.M.

Contract Requirements

F2.4 All contracts offered by the Supplier and signed by the customer must be clearly labeled at the top of the contract as "Gas Customer Choice Contract" with the Supplier's name, the type of contract being offered and in a font size of at least 16 point and bold.

- A. A Supplier must use a font size of at least 12 point for its contract with residential and or small commercial customers.
- B. All terms and conditions of the contract are considered part of the contract and must be included in the contract document and provided to the customer as one document at the time of signing the contract. The signature can appear on a separate or easily separable document from the terms and conditions as long as the signature page also includes an identifier that is the same as that which appears on the terms and conditions and also includes the customer's name, account number and the language contained in F2.8J.
- C. Customers enrolling through verbal means shall have the entire contract including the rate, terms and conditions included in the contract provided to them in writing via U.S. mail or verifiable electronic mail. This correspondence shall be postmarked within seven (7) days of the customer's verbal enrollment.
- D. Customers enrolling through electronic means shall have the entire contract including the rate, terms and conditions included in the contract provided to them in writing via U.S. mail and by verifiable electronic mail. These correspondences shall be postmarked within seven (7) days of the customer's electronic enrollment with the Supplier.

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F2.5 The maximum early termination fee for residential contracts of one year or less shall not exceed \$50. The maximum early termination fee for residential contracts of longer than one year shall not exceed \$100.

The maximum early termination fee for small commercial contracts of one year or less shall not exceed \$150. The maximum early termination fee for small commercial contracts of longer than one year shall not exceed \$250.

F2.6 Contracts may continue after initial term expiration on a month-to-month basis, cancelable at anytime without penalty.

F2.7 Any contract that is not signed by the customer or legally authorized person shall be considered null and void. Only the customer account holder or legally authorized person shall be permitted to sign a contract. A Supplier and its agent shall make reasonable inquiries to confirm that the individual signing the contract is a legally authorized person.

F2.8 The following information must be included in all residential and commercial Supplier's contracts with a customer.

- A. The Supplier's name.
- B. The Supplier's address.
- C. The Supplier's toll-free telephone number.
- D. Cancellation rights. All residential and small commercial customers have a 30-day unconditional right to cancel the contract without termination fees following the date the customer signs the contract.

All large commercial customers have a 14-day unconditional right to cancel the contract without termination fees following the date the customer signs the contract. This class of customer may waive this right of cancellation by affirmatively agreeing to waive this right on the contract. This customer protection waiver should be prominent in the contract language.

- E. Any customer fees or penalties related to the contract.
- F. The contract pricing provisions in unit rates the customer is typically billed for.
- G. The terms regarding contract length.
- H. If the Supplier does not offer a fixed price, the contract and all related marketing materials must contain a clear explanation of the pricing factors used to determine the price and an example of how the pricing factors would be implemented.
- I. Provision for a 60-day advance notice to the customer of any price change at the expiration of a fixed price contract.

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J. (i) Residential Contracts must include: In bold 14 point type above the place for the customer's signature, the following statement: I acknowledge that I am the account holder or legally authorized person to execute a contract on behalf of the account holder. I understand that by signing this agreement, I am switching the gas Supplier for this account to (new Supplier name). I understand that gas purchased for this account by (new Supplier name) will be delivered through SEMCO Energy Gas Company's delivery system. The account holder, or the person who signed this contract on behalf of the account holder, has 30-days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name).

(ii) Small Commercial Contracts must include: In bold 12 point type above the place for the legally authorized customer's signature and company business title, the following statement: I acknowledge that I am the account holder or legally authorized person to execute a contract and legally bind the business in this contract. I understand that by signing this contract, I am switching the gas Supplier for this commercial account to (new Supplier name). I understand that gas purchased for this commercial account by (new Supplier name) will be delivered through SEMCO Energy Gas Company's delivery system. The legally authorized person to execute a contract and legally bind the business in this contract has 30-days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name).

(iii) Large Commercial Contract must include: In bold 12 point type above the place for the legally authorized customer's signature and company business title, the following statement: I acknowledge that I am the account holder or legally authorized person to execute a contract and legally bind the business in this contract. I understand that by signing this contract, I am switching the gas Supplier for this commercial account to (new Supplier name). I understand that gas purchased for this commercial account by (new Supplier name) will be delivered through SEMCO Energy Gas Company's delivery system. The legally authorized person to execute a contract and legally bind the business in this contract has 14-days after today to cancel this contract for any reason through written or verbal notification to (new Supplier name). I may waive this right of cancellation by affirmatively agreeing to this waiver on the contract. If you terminated your contract today, and if the unconditional cancellation period did not apply, based on current gas prices and your historical usage, a good-faith estimate of your termination fee would be (AGS places its fee here). This termination fee is subject to change as your usage and the market price of gas fluctuate.

F2.9 A Supplier must allow the Commission Staff an opportunity to review and comment on its residential and small commercial contract(s), marketing materials and scripts at least five business days before the Supplier intends to use the contract(s) and marketing materials in the marketplace.

F2.10 A Supplier that does not comply with the requirements of Section F of this tariff will have its participation in the Program suspended until the Commission or its Staff has determined that necessary changes have been made to comply with the requirements. Any continuing or further non-compliance or use of materials that the Commission or its Staff determines do not meet all of the requirements of Section F of this tariff may result in the Supplier's termination from the Program.

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F2.11 A Supplier must distribute a confirmation letter to residential customers by U.S. mail. The confirmation letter must be postmarked within seven (7) days of the customer or legally authorized person signing a contract with the Supplier. The confirmation letter must include the date the letter was sent, the date the contract was signed, the term of the contract with end date, the fixed or variable rate charged, the unconditional cancellation period, any early termination fee, the Supplier's toll-free number, the Commission's toll-free number and any safety-related messages required by the Company. The confirmation letter may be sent with the contract in cases where a contract must be sent. The Company is not required to distribute letters to customers confirming a customer's choice of an alternative Supplier.

A Supplier must distribute a confirmation letter to all commercial customers by certified U.S. mail, verifiable facsimile or verifiable electronic mail within seven (7) days of the customer or legally authorized person signing a contract with the Supplier. The Supplier shall be responsible for maintaining records that verify delivery and receipt of the confirmation letter, facsimile or E-mail. The confirmation letter must be sent to the business's principal office. The confirmation letter must include the date the letter was sent, the date the contract was signed, the term of the contract with end date, fixed or variable rate charged, the unconditional cancellation period, if any, any early termination fee, the Supplier's toll-free number, the Commission's toll-free number and any safety-related messages required by the Company. Suppliers must include a good-faith estimate of the Large Commercial customer's early termination fee, identifying the applicable pricing factors and an example of how the fee is calculated.

F3. SOLICITATION REQUIREMENTS

DEFINITIONS:

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.

Customer:

Residential means a purchaser (account holder) of natural gas that is supplied or distributed by a utility for residential purposes.

Small Commercial means a non-residential customer (business name) with aggregate usage of 500 Mcf of natural gas or less per year.

Large Commercial means a non-residential customer (business name) with aggregate usage above 500 Mcf of natural gas per year that is supplied or distributed by a utility for non-residential purposes.

Legally authorized Person means a person that has legal documentation or legal authority to enroll a residential or commercial customer into a binding contract. A legally authorized person includes, but is not limited to, an individual with power of attorney or a corporate agent authorized to enter into contracts on a corporation's behalf.

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

The terms **signature** or **signed** include electronic signatures as defined in the Michigan Uniform Electronic Transactions Act.

These provisions shall be monitored and enforced solely by the Commission or its Staff.

F3.1 It is the Supplier's responsibility to have a current valid contract with the customer at all times. The Commission or its Staff may request a reasonable number of records from a Supplier to verify compliance with this customer verification provision and, in addition, may request records for any customer due to a dispute. For each customer, a Supplier must be able to demonstrate that a customer has made a knowing selection of the Supplier by at least one of the following verification records:

- A. An original signature from the customer or legally authorized person.
- B. Independent third party verification with an audio recording of the entire verification call.
- C. An e-mail address if signed up through the Internet.

F3.2 Suppliers and agents who are soliciting customers must comply with the following requirements:

- A. The Supplier and its agents must clearly identify the AGS on whose behalf they are soliciting.
- B. The Supplier and its agents must not represent themselves as employees or agents of the Company.
- C. The Supplier and its agents must affirmatively indicate if they are a marketing affiliate of the Company, that the affiliate is a separate entity and that the affiliate is not regulated by the Commission.
- D. The Supplier and its agents must submit residential and small commercial contract(s), marketing materials and scripts to the Commission Staff for review at least five (5) business days prior to using the materials in the marketplace.
- E. The Supplier and its agents cannot remove the original of the customer's bill from the residence or small commercial office.
- F. The Supplier and its agents must comply with truth in advertising in all verbal, written, or electronic statements to the customer.

F3.3 A Supplier must provide a copy of the contract to the customer, including all terms and conditions. The contract must contain all provisions as set forth in F2.

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F4. SUPPLIER LICENSING AND CODE OF CONDUCT

DEFINITIONS:

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.

Customer:

Residential means a purchaser (account holder) of natural gas that is supplied or distributed by a utility for residential purposes.

Small Commercial means a non-residential customer (business name) with aggregate usage of 500 Mcf of natural gas or less per year.

Large Commercial means a non-residential customer (business name) with aggregate usage above 500 Mcf of natural gas per year that is supplied or distributed by a utility for non-residential purposes.

Legally authorized Person means a person that has legal documentation or legal authority to enroll a residential or commercial customer into a binding contract. A legally authorized person includes, but is not limited to, an individual with power of attorney or a corporate agent authorized to enter into contracts on a corporation's behalf.

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

The terms **signature** or **signed** include electronic signatures as defined in the Michigan Uniform Electronic Transactions Act.

These provisions shall be monitored and enforced solely by the Commission or its Staff.

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F4.1 A Supplier is required to be licensed by the Commission and provide the following information prior to any solicitation:

- A. The name of the Supplier's company/corporation and type of organization.
- B. The Supplier's mailing address.
- C. The Supplier's principal place of business address.
- D. The Supplier's Michigan office address and toll-free phone number during normal business hours for customer inquires and concerns.
- E. The Supplier and its agents must submit residential and small commercial contract(s), marketing materials and scripts to the Commission Staff for review at least five (5) business days prior to using the materials in the marketplace.
- F. Name, address, phone number, and email address of person designated to receive and respond to requests from the Commission or its Staff with respect to inquiries, complaints and regulatory matters.

F4.2 As a condition of licensing as a Supplier, a Supplier must agree to abide by a code of conduct that provides:

- A. The Supplier will issue accurate and understandable contract(s) and marketing materials.
 - i. The Supplier and its agents will not engage in communications or practices that are fraudulent, deceptive or misleading.
 - ii. The Supplier and its agents will maintain sufficient documentation to support any claims made to customers in advertising, marketing, promoting or representing the sale of gas supply or related services.
 - iii. The Supplier will provide this documentation to the Commission or its Staff upon request.
 - iv. Marketing materials must contain the price per Mcf/Ccf, the period of time over which the price is valid, the term of the contract, the Supplier's name and telephone number, the area which the Supplier serves and the types of customers that the Supplier serves.
 - v. If the Supplier does not offer a fixed price, the marketing materials must contain a clear explanation of the pricing factors used to determine the price and an example of how the pricing factors would be implemented over a relevant time period and for relevant usages. Marketing materials shall clearly identify optional services.
- B. The Supplier will commit to truth in advertising. The Supplier will provide gas supply and related services at advertised terms and conditions.
- C. The Supplier will comply with all Company Program rules and tariffs as they are contained in the Company's "Rate Book for Natural Gas Service".
- D. The Supplier must comply with Commission rules relating to response to customer complaints, formal complaints and customer service.

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- E. The Supplier will provide accurate and sufficient customer service information. The Supplier will advise customers of their name, address, toll free telephone number and other service information, including dispute resolution procedures. The Supplier will give customers accurate and complete information on the customer's rights and responsibilities. The Supplier will maintain regular hours during which customers can make inquiries and complaints. Customer inquiries to a Supplier that are related to gas emergencies, such as gas leaks or outages, should be directed to the Company.
- F. The Supplier must inform a customer of the amount of its early termination fee prior to de-enrollment or transfer to another AGS. A customer is responsible to know if early termination fees apply in their contract. If after the Supplier discloses the early termination fee amount and the customer returns to the Company sales rate or switches to another AGS, the customer may be responsible for early termination fees or other penalties owed to the Supplier. The Supplier shall execute a customer's request for cancellation without delay, irrespective of whether an early termination fee or other penalty is paid to the Supplier.
- G. The Supplier will not switch a customer to the Supplier's service without the express authorization of the customer. The Supplier will use appropriate marketing and verification methods for switching customers. The Supplier will agree not to charge the customer for services that the customer has not expressly authorized. The Supplier will apply appropriate verification methods for any charges applied to the customer's account. The Supplier shall maintain verification records for as long as the customer's contract is valid, plus an additional three (3) more years. Suppliers who switch or charge customers without the proper authorization must refund the supply or other charges to the customer and pay any administrative fees, such as switching fees, necessary to reverse the actions.
- H. The Supplier will make a good faith effort to resolve customer disputes. The Supplier will have an internal customer dispute procedure which allows for complete, courteous, fair and timely responses to customer disputes and inquiries. The Supplier will investigate each complaint, report the results to the customer and attempt to resolve the complaint to the customer's satisfaction. If the complaint cannot be resolved, the Supplier will refer the customer to the Commission or its Staff. The Supplier will appoint at least one employee to be a contact person between the Supplier and the Commission or its Staff. The Supplier will provide complete reports of the complaint investigation and resolution to the Commission or its Staff within ten (10) business days for the resolution of customer complaints. The Supplier will cooperate with the Commission or its Staff to resolve disputes, including the provision of informational materials, contracts and verification records. The Supplier will keep a record of all customer disputes. Dispute records will be made available to the Commission, upon request.
- I. The Supplier will retain pipeline capacity sufficient to meet its customer requirements.

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F5. PROCEDURES FOR COMPLAINTS BETWEEN SUPPLIERS AND THE COMPANY

If the Company receives a verbal complaint from a Supplier related to the Program rules and operational features, the Company will attempt to resolve the complaint on an informal basis. If the Company and the complainant are unable to resolve the complaint on an informal basis, the procedures outlined below will be followed:

F5.1 Complainant will route all formal complaints in writing to:

SEMCO Energy Gas Company Headquarters
1411 Third Street, Suite A
Port Huron, MI 48060
Attention: Executive Customer Assistance Center

F5.2 The Company will acknowledge the receipt of the formal written complaint, in writing, within five (5) working days of receipt by the Company.

F5.3 The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.

F5.4 The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 15 working days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.

- F5.5**
- A. If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
 - B. If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Commission.

**F6. GAS CUSTOMER CHOICE SERVICE RATE CC
Availability**

Subject to any restrictions, this Rate is available to any customer desiring gas service where the customer's gas is provided by an Authorized Gas Supplier under Section F1, General Provisions. A customer will take service under this Rate commencing with the customer's first full billing month following enrollment. A Gas Customer Choice Service Rate CC (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 additional 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 Character of Service provisions of those sales rates, and except as otherwise provided, must remain on the sales rate for 12 months.

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Issued October 22, 2009 by
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Executive V.P. and C.F.O.
Port Huron, MI

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Minimum Term

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

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

- (i) the customer exercises an unconditional right of cancellation pursuant to Section F with the initial Supplier selected by the customer,
- (ii) the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- (iii) the Supplier's action forces the customer to the Company's sales service,
- (iv) the Supplier selected by the customer defaults under its Authorized Gas Supplier Agreement, or
- (v) 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, 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 the Company's Rate Book for Natural Gas Service 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.

Monthly Rate

Non-Gas Charges:

Customer Charge

As shown on the customer's applicable sales rate schedule.

Distribution Charge

As shown on the customer's applicable sales rate schedule.

Gas Charges:

Balancing Charge

The customer shall pay a Balancing Charge of \$0.2500 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

Capacity Demand Charge

The customer shall pay a Capacity Demand Charge of \$0.5194 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

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Issued September 15, 2010 by
Michael V. Palmeri
Executive V.P. and C.F.O.
Port Huron, MI



Effective for bills rendered on
and after October 1, 2010
Issued under authority of the
Michigan Public Service Commission
Dated September 14, 2010
In Case No. U-16147.

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Gas Commodity Charge

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. This charge is determined by contract between the customer and Marketer.

If a participating customer wishes to obtain gas supply from the Company after 12 months or more on a choice tariff, the customer shall be subject to the GCR rate. If a participating customer obtains gas supply from the Company as a result of its chosen Supplier becoming disqualified, or the customer otherwise returns to Company sales supply prior to the end of the 12 months period, subject to Rule C2, Controlled Service, the customer shall become subject to the higher of a market-based rate or the GCR rate for a period of up to three months.

The market-based rate shall consist of either the average (most recent 30 days that are available) of the MichCon city gate price or the average (most recent 30 days that are available) of the Consumers Energy city gate price as published in the Platts Gas Daily.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet No. D-2.00 and is also subject to charges, terms and conditions set forth in Section F.

Minimum Charge

The minimum charge shall be the sum of the customer charge included in the rate and the Energy Optimization Surcharge.

Due Date and Late Payment Charge

The due date of a residential customer's bill shall be 21 days from the date of transmittal. The due date of a nonresidential customer's bill shall be 21 days from the date of mailing. A 2% residential or 3% nonresidential late payment charge, not compounded, of the unpaid portion of the bill, net of taxes, shall be assessed to any bill that is delinquent.

Term and Form of Contract

Service under this rate shall require authorization in a manner specified by the Company.

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Section G

Standard Customer Forms Index

<http://www.semcoenergygas.com/about/standardforms.html>

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Issued January 7, 2008 by
Eugene N. Dubay
Sr. V.P. and C.O.O.
Port Huron, MI

Michigan Public Service Commission
January 8, 2008
Filed 