



NEWS RELEASE

COMMISSIONERS

Laura Chappelle, Chairman
David A. Svanda
Robert B. Nelson

CONTACTS

Mary Jo Kunkle
517-241-3323

MPSC approves SEMCO's gas cost recovery plan and its expanded gas customer choice program

August 20, 2002

The Michigan Public Service Commission today advanced customer choice for SEMCO Energy Gas Company's natural gas customers by approving a settlement agreement that authorized the company to implement an expanded voluntary gas customer choice program, effective October 1, 2002. Today's action follows a Commission order issued on February 25, 2002, which approved an extension of SEMCO's voluntary customer choice pilot program.

Under the expanded program, all non-residential customers and up to 78,000 residential customers will be eligible to select an alternative natural gas supplier, beginning October 1, 2002. Beginning April 1, 2003, all non-residential and up to 117,000 residential customers may participate in the program, and on April 1, 2004, all SEMCO customers will be eligible to select an alternative supplier.

SEMCO's expanded program, like its pilot program, is voluntary for its natural gas customers. Participating customers will be selected on a first come, first served basis. Today's order approves residential customer protections, solicitation requirements, supplier registration and code of conduct, and procedures for complaints between suppliers and the company.

The Commission order also authorized the company to implement its natural gas cost recovery plan, approving a gas cost factor of up to \$3.2728 per thousand cubic feet (Mcf) for April 2002 and \$3.8280 per Mcf for May 2002 through March 2003. The company is also authorized to adjust its gas cost recovery factors based on a contingency mechanism that reflects gas market price increases.

"SEMCO becomes the fourth local distribution company in Michigan to offer a permanent customer choice program for its natural gas customers," said Chairman Laura Chappelle. "We are pleased to note that natural gas customer choice is flourishing in Michigan, with nearly 344,000 natural gas customers selecting an alternative provider to supply their natural gas needs."

SEMCO, headquartered in Port Huron, provides natural gas service to about 216,000 Michigan customers.

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

Cases Nos. U-13305, U-13223
