

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
MICHIGAN CONSOLIDATED GAS COMPANY)
for approval of tariff provisions relating to)
service curtailment and diversion of third-party)
gas.)
_____)

Case No. U-10603

At the February 23, 1995 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT CONCERNING SERVICE
CURTAILMENT AND DIVERSION OF THIRD-PARTY GAS DURING AN EMERGENCY**

On May 25, 1994, Michigan Consolidated Gas Company (Mich Con) filed an application requesting approval of certain amendments to Tariff M.P.S.C. No. 4-Gas, concerning curtailment of gas service and diversion of third-party gas supplies on Mich Con's system in the event of an emergency impairing the Company's ability to maintain gas service to all of its customers. This filing was made in compliance with directives issued in the Commission's February 24, 1994 order in Case No. U-10150, concerning Mich Con's most recent rate case.

Pursuant to due notice, a prehearing conference was held on July 13, 1994 before Administrative Law Judge James N. Rigas. In addition to Mich Con and the Commission Staff (Staff), the following parties participated in the proceedings: Attorney General Frank J.

Kelley; the Residential Ratepayer Consortium; the Association of Businesses Advocating Tariff Equity; ANR Pipeline Company; Michigan Gas Utilities; The Detroit Edison Company; Miller Energy, Inc.; Muskegon Development Company; SRW, Inc.; Ward Lake Drilling, Inc., d/b/a Ward Lake Energy; Wolverine Gas & Oil Company, Inc.; Nomeco Oil & Gas Company; Shell Western E & P, Inc.; Terra Energy, Ltd.; and Oilfield Investments, Ltd.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case. However, due to an inconsistency of the proposed tariff attached to the settlement agreement, the parties subsequently filed an addendum to the settlement agreement, dated December 23, 1994.

According to the terms of the settlement agreement, appended to this order as Attachment A, and the addendum to the settlement agreement, designated as Attachment B, the parties agree that the tariff provisions relating to service curtailment and diversion of third-party gas during an emergency, which are attached as Exhibit A to the settlement agreement and modified as described in Attachment B, should be adopted.

The tariff provisions set forth on Exhibit A establish curtailment priorities for gas service by customer class and set forth options and guidelines for resolving issues regarding potential diversion of gas supplies during emergencies. The curtailment priorities are intended to provide protection to "high priority" end uses, such as meeting the gas requirements for residential consumption, plant protection, and the operation of services essential for the public health and safety. In addition, the tariff provisions are intended to reduce the likelihood that curtailment or diversion will occur by specifying reasonable measures Mich Con should take before implementing curtailment or seeking to effect a diversion of third-party gas. Furthermore, the tariff provisions are intended to allocate the effects of any curtailment as

equitably as practicable. According to the settlement agreement, the Staff believes that the proposed tariff provisions are reasonable and will promote the public interest.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. The settlement agreement, as revised by the addendum dated December 23, 1994, is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, appended to this order as Attachment A and modified by the addendum designated as Attachment B, is approved.

B. Michigan Consolidated Gas Company is authorized to revise its tariff concerning curtailment of gas service and diversion of third-party gas supplies during an emergency, Tariff M.P.S.C. No. 4-Gas, Rules B4 and D3.1, and shall file four sets of tariff sheets in conformity with this order.

C. The tariff revisions authorized in this order shall take effect on February 24, 1995.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ Ronald E. Russell
Commissioner

/s/ John L. O'Donnell
Commissioner

By its action of February 23, 1995.

/s/ Dorothy Wideman
Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
Michigan Consolidated Gas Company)	
for approval of tariff provisions)	Case No. U-10603
relating to service curtailment and)	
<u>diversion of third-party gas.</u>)	

SETTLEMENT AGREEMENT
(November 4, 1994)

Pursuant to Rule 333 of the Commission's Rules of Practice and Procedure, R 460.17333, for the purposes of settling the issues in the above-captioned proceeding only and subject to the acceptance and approval of the Michigan Public Service Commission without modification, the undersigned parties hereby agree and stipulate as follows:

1. Michigan Consolidated Gas Company (MichCon) has initiated the present proceeding in accordance with the February 24, 1994 Order of the Michigan Public Service Commission (Commission) in Case No. U-10150.
2. On the basis of negotiations between the various parties, MichCon, the undersigned intervenors, and the Commission Staff agree that the tariff provisions relating to service curtailment and diversion of third-party gas which are attached hereto as Exhibit A should be approved by the Commission in settlement of this proceeding. Approval of this settlement provides for an expeditious conclusion to this case and will minimize the time and expense which the Commission and the parties would otherwise have to devote to this matter.
3. The Staff certifies that approval of the tariff provisions relating to service curtailment and diversion of third-party gas which are attached hereto as Exhibit A are reasonable and promote the public interest.
4. The parties agree not to appeal or otherwise contest any Commission Order approving this Settlement Agreement without modification.
5. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise among the positions of the parties without prejudice to their rights to take different positions in other proceedings. All offers of settlement and discussions relating to this Settlement

Agreement shall be governed by Michigan Rule of Evidence 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to or use of this Settlement Agreement or the Order approving it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided however, such references or use may be made to enforce this Settlement Agreement and Order.

6. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of the Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, the Settlement Agreement shall be withdrawn and shall not constitute any part of the record of this proceeding or be used for any other purpose.
7. The parties waive the provisions of Section 81 of the Administrative Procedures Act of 1969, as amended; MCLA 24.281, with respect to the issues resolved by this Settlement Agreement.

MICHIGAN CONSOLIDATED GAS COMPANY

By G. James Van Heyde 11/4/94
G. James Van Heyde (P-46940) (date)
Attorney

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

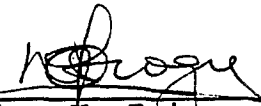
By

Patricia S. Barone
Patricia S. Barone (P-29560)
Assistant Attorney General
Representing The Commission Staff

11/15/94
(date)

ATTORNEY GENERAL

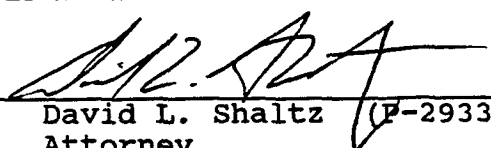
By


Orjiakor N. Isioagu (P-42788)
Assistant Attorney General

11/30/94
(date)

RESIDENTIAL RATEPAYER CONSORTIUM

By


David L. Shaltz (P-29330)
Attorney

11-21-94

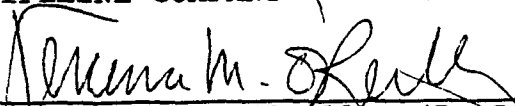
(date)

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

By Stewart A. Binke 11/8/94
Stewart A. Binke (P-47149) / (date)
Attorney

ANR PIPELINE COMPANY

By


Terrence M. O'Reilly (P-35174)
Attorney

11-22-94
(date)

MICHIGAN GAS UTILITIES

By John E. Palincsar November 9, 1994
John E. Palincsar (P-35369) (date)
Attorney

THE DETROIT EDISON COMPANY

By Raymond O. Sturdy, Jr. 11/14/94
Attorney (P-24507) (date)

MILLER ENERGY, INC. ET AL.

By

Jack D. Sage
Jack D. Sage (P-34185)
Attorney

11/11/94
(date)

NOMECO OIL & GAS COMPANY

By

Gary L. Field
Gary L. Field (P-37270)
Attorney

11-7-94
(date)

SHELL WESTERN E&P, INC.

By Glen A. Schmiede
Glen A. Schmiede (P-37112)
Attorney

11/7/94
(date)

TERRA ENERGY LTD.

BY *Gary L. Worman*
Gary L. Worman (P-29297)
Attorney

Nov. 5 1994
(date)

RECEIVED

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G. JAMES VAN HEYDE
OFFICE OF GENERAL COUNSEL

OILFIELD INVESTMENTS LTD.

By

Patrick J. Riley
Patrick J. Riley
Attorney

(P-32878)

11/8/94
(date)

MICHIGAN CONSOLIDATED GAS COMPANY
CASE NO. U-10603

EXHIBIT A

B4. CURTAILMENT OF GAS SERVICE FOR GAS SUPPLY DEFICIENCY

(A) Determination of Need for Curtailment

- (1) If at any time the Company cannot provide continuous service to its system supply customers because of an inability to procure sufficient gas volumes from its interstate pipeline suppliers or other suppliers, and reliable short term supplies are not available at reasonable and prudent prices, the Company has the right to curtail the distribution of system supply gas to its customers in accordance with the provisions of this Rule.
- (2) In implementing this Rule, however, all sales of system supply gas to other than system supply customers shall be curtailed prior to curtailing, limiting or interrupting the distribution of gas to system supply customers.
- (3) The Company may separately institute curtailment of its system supply gas in the integrated and non-integrated portions of its total system, consistent with the inability to procure sufficient gas volumes in each respective portion of its system.
- (4) This curtailment rule does not apply to gas owned by parties other than the Company.

(B) Notice of Curtailment

- (1) The Company shall provide not less than 90 days advance written notice of curtailment to all system supply customers expected to be curtailed, except where actions by foreign, federal, state or local government or regulatory agencies preclude the giving of such notice.
- (2) The Company may immediately curtail or interrupt the distribution of system supply gas to non-system supply customers, by oral notice or otherwise, to the extent and for such duration as the Company in its sole judgement shall deem necessary.
- (3) Notification of curtailment shall specify the starting date, an estimate of the length of time the curtailment is expected to be in effect, and the classification of the priorities to be curtailed. Prior to and during the period of curtailment, all customers in curtailment priorities to be affected shall be given not less than 30 days advance written notice of the authorized volumes to which they will be entitled for the following month.

(C) Method of Curtailment

- (1) Prior to curtailment, the Company will make a public service announcement for voluntary dial-down actions by system supply customers.

B4. CURTAILMENT OF GAS SERVICE FOR GAS SUPPLY DEFICIENCY (continued)

- (2) Curtailments shall be made in accordance with the curtailment priorities set forth in Section E of this Rule, beginning with the lowest priority category and proceeding to the next highest priority category. The total curtailment shall equal the estimated deficiency of gas brought about by the demands of all customers purchasing system supply gas in the integrated and/or non-integrated portions of the Company's system.
- (3) Curtailments may be simultaneously instituted in more than one curtailment category provided that gas usage falling within a lower priority category has been completely curtailed.
- (4) When curtailment of less than 100% of the sales volume in a particular curtailment priority is required, the available volumes shall be allocated to each customer assigned to that priority, on a pro-rata basis, using the customer's base period volumes that correspond to the month being curtailed.

(D) Base Period

- (1) Base Period for System Supply Customers
 - (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 consumptions ending June of each year. In those instances where the customer has encountered strikes, interruption of gas service or unavoidable operational abnormalities, the Company may make reasonable adjustments to normalize the customer's requirements. Base period volumes may be adjusted for equipment added or deleted.
 - (b) In determining monthly consumptions, the Company shall determine the gas used 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 Priorities One 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 consumption so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a customer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

B4. CURTAILMENT OF GAS SERVICE FOR GAS SUPPLY DEFICIENCY (continued)

(2) Base Period for Non-System Supply Customers

A base period is not established pursuant to this Rule for non-system supply customers. The distribution of system supply gas to non-system supply customers is subject to Curtailment Priority Five whereby the Company has sole discretion in determining the extent and duration of curtailment of such customers.

(E) Curtailment Priorities

For purposes of curtailment, five categories are established with Priority Five constituting the lowest priority and Priority One the highest.

PRIORITY ONE

Residential gas requirements, commercial gas requirements of 1,250 Mcf or less per the base period month being curtailed, requirements for plant protection, and requirements for services essential for public health and safety.

PRIORITY TWO

Commercial gas requirements of 1,250 Mcf to 8,334 Mcf per the base period month being curtailed and industrial gas requirements of 8,334 Mcf or less per the base period month being curtailed.

PRIORITY THREE

Commercial and industrial gas requirements of 8,334 Mcf to 41,667 Mcf per the base period month being curtailed.

PRIORITY FOUR

Commercial and industrial gas requirements in excess of 41,667 Mcf per the base period month being curtailed and all sales of system supply gas to non-system supply customers.

PRIORITY FIVE

Non-residential customers having gas requirements in excess of 41,667 Mcf per the base period month being curtailed and having installed alternate fuel capability available on short notice. (Only the alternate fuel load will be curtailed).

B4. CURTAILMENT OF GAS SERVICE FOR GAS SUPPLY DEFICIENCY (continued)

(F) Rate Adjustments

- (1) 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.

(G) Enforcement

- (1) The Company reserves the right to inspect the customer's equipment, to install special metering, and to immediately terminate gas service for violations of this Rule, as provided by Rule B2.5. Once gas service is terminated, the Company may withhold such service 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 continuation of a curtailment or that shall abridge the customer's right to appeal any such determination to the Commission.

(H) Penalties

- (1) Any gas used by a customer in excess of the volumes authorized during the period when a curtailment has been instituted pursuant to this Rule shall be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. The charge for such excess usage shall be \$1.00 per ccf. Failure to pay an excess use charge when rendered shall subject the customer to termination of gas service.

(I) Glossary

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

- (1) **System supply customer**, shall mean those customers who purchase all their natural gas requirements from the Company.
- (2) **Customers**, unless otherwise specified, shall mean system supply customer.

B4. CURTAILMENT OF GAS SERVICE FOR GAS SUPPLY DEFICIENCY (continued)

- (3) **Residential Gas Requirements** shall include all direct natural gas usage for space heating, cooking, water heating, and other residential uses in a single family dwelling or in an individual flat or apartment; or to two or more households served by a single meter (one customer) in a multiple family dwelling, or portion thereof. A "multiple family dwelling" includes such living facilities as, for example, cooperatives, condominiums and apartments; provided each household within such multiple family dwelling has the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institutions, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution.
- (4) **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.
- (5) **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.
- (6) **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 as requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission after hearing.
- (7) **Requirements for plant protection** shall mean such minimum volumes of gas as required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an 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. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY

(A) Company's Rights to Curtail

- (1) 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 extreme cold weather or other causes referred to as force majeure situations the Company determines that its ability to deliver gas may become inadequate to support continuous service to its customers on its system, the Company shall have the right to partially or completely curtail service to each of its customers in accordance with the order of curtailment set forth below, irrespective of the contracts in force. This plan applies to all gas sales, transportation and storage service provided by the Company except for gas moving on the Company's gathering systems. The Company will implement this curtailment plan throughout its system to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of customers in a specific portion of the Company's system may remedy the emergency.

(B) Steps Prior to Curtailment

When there is adequate time during an emergency situation, and if applicable, the following steps will be implemented by the Company prior to the enforcement of the curtailment plan established by this Rule.

- (1) Interrupt service provided under an "interruptible" rate or contract then in effect;
- (2) Implement contingency contracts for emergency gas supply purchases established in advance. Seek to purchase additional gas supplies at prices which shall be regarded as reasonable and prudent;
- (3) Curtail deliveries to any customer in excess of volumes allowed under contracts;
- (4) Request that transportation customers balance deliveries with use and authorized storage withdrawal volumes on a daily basis;
- (5) Make a public service announcement for voluntary dial-down actions by system supply customers;
- (6) Ask transportation customers to voluntarily reduce use and/or increase deliveries.

(C) Notice of Curtailment

- (1) If a curtailment 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.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

(D) Method of Curtailment

- (1) If a curtailment 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 firm capacity between (i) 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 total volumes scheduled for service within each class on the applicable day.
- (2) The residual firm capacity which is allocated to Blanket Certificate Customers shall be allocated pro rata among the members of that class, based upon volumes scheduled for service by members of that class on the applicable day.
- (3) 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.
 - (a) Curtailments may be simultaneously instituted in more than one curtailment priority category provided that gas usage falling within a lower priority category is being completely curtailed.
 - (b) If system deliverability permits only partial 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)(6) above, the volumes associated with such voluntary reductions of use or increase in deliveries shall be attributed to that customer's pro rata share.
 - (c) Upon notice of a curtailment, the Company shall give customers with multiple locations, the option to select which location will be subject to the curtailment, consistent with the practical and physical operational constraints of the Company's system.
- (4) If curtailment becomes necessary due to an emergency situation resulting in a supply deficiency, with no associated capacity deficiency, the Company shall curtail gas service in accordance with Section (D)(3), subject to the following conditions.
 - (a) Transportation customers shall have the option of having electronic remote metering installed or of establishing a means acceptable to the Company and the customer of determining daily consumption at the customer's expense. Negative daily imbalances incurred shall be curtailed pursuant to priorities determined as in Section (E) Base Period. Usage in balance with deliveries (flowing pipeline supplies) on a daily basis is exempt from curtailment under this paragraph.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

(b) Blanket certificate customers are exempt from curtailment.

- (5) If curtailment becomes necessary due to an emergency situation resulting in a capacity deficiency, the Company shall curtail gas service in accordance with Section (D) (3).

(a) Blanket certificate customers are exempt from curtailment.

(E) Base Period

- (1) 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 operational abnormalities, the Company shall make reasonable adjustments to normalize the customer's requirements. Base period volumes shall be adjusted for equipment added or deleted and new loads.
- (2) In determining monthly deliveries, the Company shall determine the gas used 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 Priorities One through Five shall apply in the aggregate for all equipment of the same end use rather than on a unit of equipment basis.
- (3) The monthly deliveries so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a customer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

(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 issued by the FERC) will be treated equally in accordance with the curtailment priority categories set forth. Five categories are established with Priority Five being the first category to be curtailed and Priority One being the last. The Company will implement this curtailment plan throughout its system (except for its gathering systems) to the extent necessary and possible, consistent with its practical operation, considering such factors as system capacity and the extent to which curtailment of customers in a specific portion of the Company's system may remedy the emergency. Specifically, if curtailment of gas deliveries to a customer does not provide any relief to MichCon, then the Company may continue to provide gas service for the customer.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

PRIORITY ONE

Residential gas requirements, commercial gas requirements of 1,250 Mcf or less per the base period month being curtailed, requirements for plant protection, and for services essential for public health and safety.

PRIORITY TWO

Non-residential customers having commercial gas requirements of 1,250 Mcf to 8,334 Mcf per the base period month being curtailed and industrial gas requirements of 8,334 Mcf or less per the base period month being curtailed.

PRIORITY THREE

Commercial and industrial gas requirements of 8,334 Mcf to 41,667 Mcf per the base period month being curtailed.

PRIORITY FOUR

Commercial and industrial gas requirements in excess of 41,667 Mcf per the base period month being curtailed, and all sales of system supply gas to non-system supply customers.

PRIORITY FIVE

Commercial and industrial customers with gas requirements in excess of 41,667 Mcf per the base period month being curtailed and having installed alternate fuel capability available on short notice. (Only the alternate fuel load will be curtailed).

- (2) The gas requirements for district heating systems shall be classified, to the extent practicable, into the same priority categories as the Company's on-system sales and transportation customers if the operator of the district heating system provides the Company with the information necessary to make such a classification and an affidavit verifying the accuracy of such information. Information regarding such end use profile 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.
- (3) 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 on-system 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 in Priority Four.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

- (4) During an emergency curtailment of gas service, public utilities that generate and distribute electricity shall be granted Priority One service for that portion of their gas requirements necessary to the discharge of the utilities' obligation to provide essential services and for which no practical alternatives exist.
 - (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:
 - (1) Bring on line any non-gas reserve capacity.
 - (2) Switch gas fired dual-fuel generating plants to an alternate fuel.
 - (3) Attempt to procure incremental purchased power.
 - (4) Interrupt service to controlled and/or interruptible electric loads.
 - (5) Curtail all non-firm off-system electric sales.
 - (b) If, after having exhausted all available options to minimize the use of natural gas, conditions are such that curtailment of any portion of the remaining gas service to the electric utility will induce the implementation of the Emergency Electrical Procedures, then Priority One capacity shall be allocated to the electric utility:
 - (1) sufficient to obviate the need to implement short-term Emergency Electrical Procedures during the first week of the gas emergency provided that the Company has not invoked curtailment of Priority One customers. If, however, the emergency is of such a severe nature that Priority One customers must be curtailed, then the Company shall provide sufficient gas service to the electric utility to allow it to maintain its system integrity as it implements, to the fullest extent required by the emergency, both its short-term and long-term Emergency Electrical Procedures.
 - (2) Or, if the Company has invoked curtailment priorities to a level no deeper than Priority Two, the Company shall provide the electric utility sufficient Priority One service to enable it to avoid the implementation of short-term Emergency Electrical Procedures during the first week of the gas emergency, and sufficient to avoid implementing long-term Emergency Electrical Procedures requiring public notification.
 - (3) Or, if the Company has invoked curtailment priorities to a level no deeper than Priority Three, then the Company shall provide sufficient Priority One service to enable the electric utility to avoid the implementation of both short-term and long-term Emergency Electrical Procedures.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

(G) Diversion of Customer-owned Gas During Gas Emergencies

- (1) 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 shall give end user transportation customers the option to 1) have their curtailed deliveries injected into storage with the suspension of any penalties and with no other additional charges; or 2) 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 costs associated with using alternate fuels during the period of diversion, b) the actual cost of the customer's diverted gas, or c) the highest city gate price of gas for MichCon's end users contained in the publication "Gas Daily", delivered into MichCon's system during the period of diversion. 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 pursuant to Option 1 or 2 above. Nothing in these Rules relieves the Company from its obligation, under Act 304, of demonstrating the reasonableness and prudence of its gas purchases.

(H) Rate Adjustments

- (1) 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 inspect the customer's equipment, to install special metering, and to immediately physically interrupt gas service for violations of this Rule, as provided by Rule B2.5. Once gas service is terminated, the Company may withhold such service during the period of the 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 continuation of a curtailment or that shall abridge the customer's right to appeal any such determination to the Commission.
- (3) The Company shall, when acting reasonably and prudently in accordance with these rules, not be liable for any loss, cost, damage, injury, or expense (incidental or consequential damages) that may be sustained by customer by reason of partial or complete curtailment of gas service.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

(J) Penalties

- (1) Any gas used by an end use customer in excess of the volumes authorized during the period when a curtailment has been instituted pursuant to this Rule may be subject to excess use charges, with such charges being in addition to those normal charges made under the applicable rate schedules. The charge for such excess usage shall be \$1.00 per ccf. Failure to pay an excess use charge when rendered shall subject the customer to termination of gas service.

(K) Glossary

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

- (1) **Capacity Restriction** shall mean restriction due to force majeure or other damage to the Company's facilities such that the full design capacity of the pipeline system is not available.
- (2) **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 hurricanes or hurricane warnings), 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 requirement 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.
- (3) **Capacity Deficiency** shall mean emergency situations whereby 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.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

- (4) **Supply Deficiency** shall mean emergency situations whereby the Company is temporarily unable to procure gas supplies commensurate with its system requirements.
- (5) **Customers**, unless otherwise specified, shall mean sales customers, transportation customers and storage customers.
- (6) **End use customer** is a customer under MichCon's sales and transportation rate schedules where the gas is used or consumed on the customer's premises to which the gas was delivered.
- (7) **Blanket Certificate Customer** is a transportation customer who has contracted with MichCon to transport gas in interstate commerce pursuant to a blanket certificate issued to MichCon by the Federal Energy Regulatory Commission.
- (8) **Deliveries** shall mean both transportation and sales volumes.
- (9) **Gathering systems** shall include but is not necessarily limited to, the Company's existing Wet Header System and laterals.
- (10) **Residential Gas Requirements** shall include all direct natural gas usage for space heating, cooking, water heating, and other residential uses in a single family dwelling or in an individual flat or apartment; or to two or more households served by a single meter (one customer) in a multiple family dwelling, or portion thereof. A "multiple family dwelling" includes such living facilities as, for example, cooperatives, condominiums and apartments; provided each household within such multiple family dwelling has the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institutions, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution.
- (11) **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.
- (12) **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.

D3.1 CURTAILMENT OF GAS SERVICE DURING AN EMERGENCY (continued)

- (13) **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 as requirements for services essential for public health and safety without the express authorization of the Michigan Public Service Commission after hearing.
- (14) **Requirements for plant protection** shall mean such minimum volumes of gas as required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an 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. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
Michigan Consolidated Gas Company)
for approval of tariff provisions) Case No. U-10603
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I hereby agree that I do not object to making these corrections to the proposed tariff sheets.

MICHIGAN CONSOLIDATED GAS COMPANY

By G. James Van Heyde
G. James Van Heyde (P-46940)
Attorney

12/23/94
(date)

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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By

Patricia S. Barone
Patricia S. Barone (P-29560)

Jul 25, 1995
(date)

Assistant Attorney General Representing The Commission Staff

RECEIVED

JAN 27 1995

G. JAMES VAN HEYDE
OFFICE OF GENERAL COUNSEL

STATE OF MICHIGAN
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ATTORNEY GENERAL

By Orjiakor N. Isiogu (P-42788)
Assistant Attorney General

1/19/95
(date)

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

RECEIVED

JAN 25 1995

G. JAMES VAN HEYDE
OFFICE OF GENERAL COUNSEL

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RESIDENTIAL RATEPAYER CONSORTIUM

By

David L. Shaltz (P-29330)
Attorney

1-20-95
(date)

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ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

By Stewart A. Binke
Stewart A. Binke (P-47149)
Attorney

1/23/95
(date)

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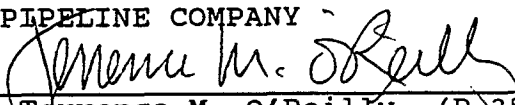
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ANR PIPELINE COMPANY

By


Terrence M. O'Reilly (P-35174)
Attorney

1-4-95

(date)

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MICHIGAN GAS UTILITIES

By John E. Palincsar
John E. Palincsar (P-35369)
Attorney

January 3, 1995
(date)

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

RECEIVED

JAN 09 1995

G. JAMES VAN HEYDE
OFFICE OF GENERAL COUNSEL

In the matter of the application of)
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THE DETROIT EDISON COMPANY

By

Raymond O. Sturdy, Jr.
Raymond O. Sturdy, Jr. (P-24507)
Attorney

1/6/95
(date)

STATE OF MICHIGAN
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MILLER ENERGY, INC. ET AL.

By Jack D. Sage (P-34185) Thomas J. Augspurger (P-47147) (date) 1/6/95
Attorney Attorney

STATE OF MICHIGAN
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NOMEKO OIL & GAS COMPANY

By

Gary L. Field
Gary L. Field (P-37270)
Attorney

1-2-95
(date)

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SHELL WESTERN E&P, INC.

By Glen A. Schmiede
Glen A. Schmiede (P-37112)
Attorney

1-5-95
(date)

RECEIVED

JAN 09 1995

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION
G. JAMES VAN HEYDE
OFFICE OF GENERAL COUNSEL

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TERRA ENERGY LTD.

By Gary L. Worman
Gary L. Worman (P-29297)
Attorney

1-3-95
(date)

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JAN 09 1995

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OILFIELD INVESTMENTS LTD.

By Patrick J. Riley
Patrick J. Riley (P-32878)
Attorney

12-31-94
(date)