

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
NORTHERN STATES POWER COMPANY - WISCONSIN)
for the immediate ex parte approval to)
provide interruptible natural gas service)
under special contract.)
_____)

Case No. U-9286

E R R A T U M

On February 23, 1989, the Commission issued an order in Case No. U-9286 and inadvertently omitted the referenced attachment. Exhibit A is attached.

MICHIGAN PUBLIC SERVICE COMMISSION



Dorothy Wideman
Its Executive Secretary

Lansing, Michigan
March 1, 1989
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Northern States Power Company - Wisconsin
Grand View Hospital
Gas Rate - Special Contract - Interruptible

Calculation of Commodity Rate
as of January 1, 1989

Commodity Charge \$0.29024/therm

Cost of Gas			
Demand	NNG D-2	993 225	\$0.2452
	MGT D-2	301 703	\$0.0417

Commodity (1) \$0.23370/therm

Commodity Rate

\$0.23370/therm x 99% Losses =	\$0.23136	cost of gas
	0.02888	D-2 cost (2)
	<u>0.03000</u>	mark-up

Commodity Rate \$0.29024/therm

(1) Commodity cost of gas cost reflects a supply mix shown below.

Northern	36.5% @ \$2.4895
Enron Firm	10.8% @ \$2.3899
Enron spot	18.0% @ \$2.4300
Candian O	9.0% @ \$2.3782
Western	<u>25.7% @ \$2.0186</u>
TOTAL	100.0% @ \$2.3370

(2) NNG D-2 allocation	993 225 x \$0.2452 =	\$243 539/8 870 330 =	\$0.02746
MGT D-2 allocation	301 703 x \$0.0417 =	\$ 12 581/8 870 330 =	<u>\$0.00142</u>

TOTAL \$0.02888



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At a session of the Michigan Public Service Commission held at its offices in the city of Lansing, Michigan, on the 23rd day of February, 1989.

PRESENT: Hon. William E. Long, Chairperson
Hon. Steven M. Fetter, Commissioner
Hon. Ronald E. Russell, Commissioner

ORDER APPROVING APPLICATION

On December 7, 1988, Northern States Power Company - Wisconsin (NSP-W) filed an application requesting authority to provide interruptible natural gas service under special contract to Grand View Hospital (Grand View). Attached to the application is a copy of the special contract executed by authorized representatives of NSP-W and Grand View.

NSP-W is a public service corporation organized under the laws of the state of Wisconsin, with principal offices located in Eau Claire, Wisconsin, and Ironwood, Michigan. NSP-W is authorized to do business in the state of Michigan. NSP-W is engaged, among other things, in the distribution and sale of natural gas in 8 communities in the upper peninsula of Michigan and 16 communities in northern Wisconsin.

In its application, NSP-W represents that Grand View is currently taking firm service from NSP-W under its Commercial and Industrial General Service rate. Pursuant to the special contract, NSP-W will provide interruptible gas service in addition to Grand View's current firm service, and purchased quantities will range from 2,850 to 8,000 Mcf annually. Because Grand View is required to maintain a minimum ten-day supply of alternate fuel, the additional load is completely interruptible.

Further, NSP-W represents that because Grand View is already on NSP-W's existing gas main, additional investment in facilities will be unnecessary, and the rate level established in the special contract is similar to the rate NSP-W charges for similar interruptible service provided to numerous customers in Wisconsin.

Additionally, NSP-W represents that the service provided pursuant to the special contract will benefit NSP-W's existing customers in that NSP-W (a) will not incur increased facility costs, (b) will not incur increased demand costs from its pipeline suppliers, (c) will provide service to a customer to whom it would not otherwise provide additional service, and thus (d) will have additional revenue, after recovery of the cost of gas, that will either forestall rate increases or result in lower future rate increases to NSP-W's other existing customers.

The Commission recognizes that it approved a similar gas service arrangement between Bessemer Plywood Company and NSP-W in an order issued in Case No. U-8605, dated February 10, 1987.

Based upon NSP-W's representations and past precedent, the Commission finds that NSP-W's request for authority to provide interruptible natural gas service under its special contract with Grand View is reasonable and prudent, and that

its approval would be consistent with past Commission action. Accordingly, NSP-W's request is approved subject to the following conditions:

1. NSP-W shall not include the gas sold under the special contract in its cost of gas calculations in its future GCR proceedings;
2. NSP-W shall charge for service as provided for in the special contract and in accordance with the methodology shown in the attached Exhibit A.

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, 1979 Administrative Code, R 460.11 et seq.

b. NSP-W's proposal is just, reasonable, and in the public interest.

c. The interruptible natural gas service to be provided to Grand View will benefit NSP-W's existing customers and will not result in cost increases.

d. The public interest will be adequately protected without the time and expense of a public hearing.

THEREFORE, IT IS ORDERED that:

A. Northern States Power Company - Wisconsin is authorized to provide interruptible natural gas service under its special contract with Grand View Hospital, subject to the conditions outlined in this order.

B. Pursuant to Rule 31 of the Commission order in Case No. U-6300, Filing Procedures, Northern States Power Company - Wisconsin shall file with the Commission a conformed copy of the special contract.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ William E. Long
Chairperson

(S E A L)

/s/ Steven M. Fetter
Commissioner

/s/ Ronald E. Russell
Commissioner

By the Commission and pursuant to
its action of February 23, 1989.

/s/ Dorothy Wideman
Its Executive Secretary