

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \*

|   |                  |
|---|------------------|
| In the matter of the application of )<br><b>SEMCO ENERGY GAS COMPANY</b> for authority )<br>to implement a gas cost recovery plan and factors )<br>for the 12-month period ending March 31, 2003. )<br>_____<br>) | Case No. U-13223 |
| In the matter of the application of )<br><b>SEMCO ENERGY GAS COMPANY</b> for authority )<br>to implement an expanded voluntary gas customer )<br>choice program and related approvals. )<br>_____<br>)            | Case No. U-13305 |

At the August 20, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On December 27, 2001, SEMCO Energy Gas Company (SEMCO Gas) filed an application in Case No. U-13223, with supporting testimony and exhibits, requesting authority to implement a gas cost recovery (GCR) plan and factors for the 12-month period ending March 31, 2003. SEMCO Gas subsequently amended its application, and filed supplemental testimony and revised exhibits.

Pursuant to due notice, the prehearing conference was held on February 19, 2002 before Administrative Law Judge George Schankler (ALJ). SEMCO Gas, the Commission Staff, the

Residential Ratepayer Consortium, and Attorney General Jennifer M. Granholm participated in the proceedings.

On February 20, 2002, SEMCO Gas filed an application in Case No. U-13305 seeking approval to implement an expanded voluntary gas customer choice program. Concurrently, SEMCO Gas filed a motion to consolidate Cases Nos. U-13223 and U-13305.

Pursuant to due notice, a prehearing conference was held on March 25, 2002 in Cases Nos. U-13223 and U-13305, at which the ALJ granted the motion to consolidate.

Subsequently, the parties submitted a settlement agreement resolving all issues in these consolidated cases.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that, as of the date of execution of the settlement agreement, SEMCO Gas will use competitive bidding for all gas supply purchases whose terms exceed one month. Additionally, it is agreed that SEMCO Gas will use competitive bidding for all monthly spot purchases and other spot market purchases with a term of greater than three days within the same month. For all spot market purchases with a term of three days or less, the settlement agreement continues, SEMCO Gas will use its supply portfolio manager as the supplier for such purchases. Further, the parties agree that SEMCO Gas will follow a modified storage plan, set forth on Attachment 1 to the settlement agreement, as a guide for normal weather operations during the 2002-2003 GCR period. The settlement agreement further states that SEMCO Gas will provide certain information documenting its purchases as part of its 2002-2003 GCR reconciliation filing.

The parties go on to agree that SEMCO Gas should be authorized to use the contingency mechanism described in the settlement agreement to adjust the GCR factors upward to reflect market increases. Moreover, the parties agree that, subject to potential adjustment pursuant to that

contingency mechanism, SEMCO Gas should be authorized to charge a GCR factor of up to \$3.2728 per thousand cubic feet (Mcf) for the month of April 2002 and up to \$3.8280 per Mcf for the months of May 2002 through March 2003. The settlement agreement further acknowledges that these GCR factors include a balancing recovery cost of \$0.2500 per Mcf and a capacity demand cost of \$0.3028 per Mcf.

Finally, the parties agree that SEMCO Gas should be authorized to implement its expanded voluntary gas customer choice program (as described in the tariff sheets set forth in Attachment 4 to the settlement agreement) for gas service rendered on and after October 1, 2002. As part of that program, the settlement agreement states that SEMCO Gas should be authorized to charge a capacity demand charge of \$0.3028 per Mcf on all gas choice customers, which will be the subject of review and revision in future GCR plan cases.

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.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACs, R 460.17101 et seq.
- b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. SEMCO Energy Gas Company is authorized to incorporate into its rates gas cost recovery factors of up to \$3.2728 per thousand cubic feet for the month of April 2002 and \$3.8280 per thousand cubic feet for the months of May 2002 through March 2003.

C. SEMCO Energy Gas Company is authorized to adjust its gas cost recovery factors for the 2002-2003 plan year pursuant to the contingency mechanism set forth in the settlement agreement.

D. SEMCO Energy Gas Company is authorized to implement its expanded voluntary gas customer choice program (effective for gas service rendered on and after October 1, 2002) and to impose the associated charges including a capacity demand charge of \$0.3028 per thousand cubic feet to all gas choice customers.

E. SEMCO Energy Gas Company shall file with the Commission, within 30 days, tariff sheets substantially the same as those attached to the settlement agreement and reflecting the approvals granted in this order.

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 E A L )

/s/ Laura Chappelle  
Chairman

By its action of August 20, 2002.

/s/ David A. Svanda  
Commissioner

/s/ Dorothy Wideman  
Its Executive Secretary

/s/ Robert B. Nelson  
Commissioner

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**SEMCO ENERGY GAS COMPANY** )  
for approval of gas cost recovery plan )  
and factors for the period of April )  
2002 through March 2003 and )  
related relief. )  
)

Case No. U-13223

**RECEIVED**

JUL 29 2002

In the matter of the application of )  
**SEMCO ENERGY GAS COMPANY** )  
for approval to implement an expanded )  
voluntary gas customer choice program )  
within its service area and related )  
approvals. )  
)

MICHIGAN PUBLIC SERVICE COMMISSION  
ADMINISTRATIVE LAW JUDGES DIVISION  
LANSING, MICHIGAN

Case No. U-13305

**SETTLEMENT AGREEMENT**

On December 27, 2001, SEMCO Energy Gas Company ("SEMCO Gas" or the "Company") filed an application, testimony and exhibits with the Michigan Public Service Commission ("MPSC" or "Commission") in Case No. U-13223 seeking approval of a gas cost recovery ("GCR") plan for the 12- month period April 2002 through March 2003 (the "2002-2003 GCR Year") and authorization of GCR factors for the 2002-03 GCR Year. The Company amended its application pursuant to a filing made on February 20, 2002 and filed supplemental testimony and revised exhibits of John R. Alger.

As part of its direct case in this proceeding, SEMCO Gas represents, among other things, that it plans to enter into an asset management agreement with BP Canada Energy Marketing Corp ("BP") for a three year term whereby BP will manage all of SEMCO Gas's

pipeline interstate and intrastate transportation services, leased storage services and on-system storage assets. In addition, SEMCO Gas indicates that it plans to enter into a supply portfolio management agreement with BP for a three year term whereby BP will assist and advise SEMCO Gas in the development of its gas supply purchasing strategies and management of its gas supply portfolio.

On February 19, 2002, the initial prehearing conference was held before Administrative Law Judge ("ALJ") George Schankler. SEMCO Gas and the Commission Staff participated in the conference. The petitions to intervene of Attorney General Jennifer M. Granholm ("AG") and the Residential Ratepayer Consortium ("RRC") were granted.

On February 20, 2002, SEMCO Gas filed an application, testimony and exhibits with the MPSC in Case No. U-13305 seeking approval to implement an expanded voluntary gas customer choice program within its service territory and implement rates for service taken pursuant to the program. Concurrently with this application, the Company also filed a Motion to Consolidate Case No. U-13305 with Case No. U-13223.

On March 25, 2002, a joint prehearing conference was held in Case Nos. U-13223 and U-13305. The Motion to Consolidate was granted by ALJ George Schankler. SEMCO Gas and the Commission Staff participated in the proceeding, and the AG's petition to intervene was granted.

On April 15, 2002, the Company filed the supplemental testimony and revised exhibits of Walter E. Fitzgerald, in Case No. U-13223.

For purposes of settling the issues in Case Nos. U-13223 and U-13305, and subject to the acceptance and approval of the Commission without modification, the undersigned parties agree and stipulate and follows:

1. From the date of execution of this settlement agreement, the undersigned parties agree that:

a. It is reasonable and prudent for SEMCO Gas to use competitive bidding for all gas supply purchases whose terms exceed one month for the 2002-2003 GCR Year. The parties further agree that as part of this competitive bidding process, SEMCO Gas will issue Requests for Proposals ("RFP") to five or more reputable suppliers, including BP, and the Company will make purchase decisions based on the results of the bids. Additionally, it is agreed that SEMCO Gas as part of its 2002-2003 GCR Reconciliation filing will provide to the Commission Staff and intervening parties copies of each of the RFPs issued for purchases for more than one month for the 2002-2003 GCR Year and a summary of the responses received to each RFP.

b. It is reasonable and prudent for SEMCO Gas for the 2002-03 GCR Year to use competitive bidding for all monthly spot purchases and other spot purchases with a term of greater than three days within the month. For all spot purchases with a term of three days or less, SEMCO Gas will use its Supply Portfolio Manager, BP, or BP's successor and/or assigned, as the Company's supplier for such purchases. SEMCO will retain, and provide upon request to the Commission Staff and intervening parties in the 2002-2003 GCR Reconciliation, necessary documentation for each gas purchase made during the 2002-2003 GCR Year.

c. The parties agree that any party seeking to challenge the reasonableness and prudence of following the practices prescribed in paragraphs 1a and 1b will have the burden of showing that changes in facts and circumstances arising subsequent to the execution of this settlement agreement make it unreasonable and imprudent to follow

those practices.

d. The parties reserve the right to support or challenge the actual 2002 and 2003 gas supply purchases arising from the practices prescribed in paragraphs 1a and 1b in SEMCO Gas's 2002-03 GCR Reconciliation.

e. The gas acquisition plan as filed and implemented by SEMCO Gas for the 2002-2003 GCR Year prior to the execution of this settlement agreement should be deemed reasonable and prudent.

2. Attached as Attachment 1 hereto is a modified storage plan. The goal of the plan is to maximize storage withdrawals during the coldest months, levelize monthly gas purchases, minimize daily gas purchases and accommodate at least 10% colder than normal weather. The undersigned parties stipulate and agree that it is reasonable and prudent for SEMCO Gas, from the date of execution of this settlement agreement, to follow the storage plan as set forth in Attachment 1 as a guideline for normal weather operations for the 2002-03 GCR Year. It is understood by the parties that Attachment 1 has been adjusted by SEMCO Gas to accommodate any purchases the Company made in April and May 2002 for gas in place on the Eaton Rapids and ANR gas storage fields and to reflect the actual storage balance and April injections for on-system storage.

3. Attached as Attachment 2 hereto is a list of items that SEMCO Gas will make available to the Commission Staff and intervening parties upon request in the Company's 2002-2003 GCR Reconciliation filing. Additionally, SEMCO Gas as part of its 2002-2003 GCR Reconciliation filing will include Items Nos. 2, 7, 9 and 10 of Attachment 2. Further, with respect to Item No. 10, the annual summaries of daily postings by pipeline from Gas Daily and Inside FERC applicable to the purchases made by SEMCO during the 2002-

2003 GCR Year will be provided.

4. SEMCO Gas requested the Commission approve a GCR factor of \$3.2728 per thousand cubic feet ("Mcf") for the month of April 2002. For the months of May 2002 through March 2003, SEMCO Gas requested the Commission approve a uniform GCR factor of \$3.8280 per Mcf. Both the April 2002 GCR factor and the uniform GCR factor for May 2002 through March 2003 include a Balancing Recovery Cost of \$0.2500 per Mcf and a Capacity Demand Cost of \$0.3028 per Mcf. The April 2002 GCR factor also includes a Commodity Gas Cost of \$2.7200 per Mcf and the May 2002 through March 2003 GCR factor includes a Commodity Gas Cost of \$3.2752 per Mcf. Therefore, subject to upward adjustment pursuant to the contingency mechanism set forth below, SEMCO Gas should be authorized to charge a GCR factor of up to \$3.2728 per Mcf for the month of April 2002 and \$3.8280 per Mcf for the months of May 2002 through March 2003.

5. Attached as Attachment 3 hereto are tariff Sheet Nos. E-3.00, E-3.10 and E-3.20, which set forth the GCR factors and the contingency mechanism to be used for the 2002-2003 GCR Year to adjust the GCR factors upward to reflect market increases. The contingency mechanism is reasonable and the tariff sheets setting forth the contingency mechanism should be approved.

6. The undersigned parties agree that this settlement agreement does not constitute approval by the MPSC, its Staff or the Intervenors of any contract between SEMCO Gas and BP.

7. SEMCO Gas's 2002-2003 GCR Year plan and the underlying decisions, as modified by this settlement agreement, are reasonable and prudent in light of present evidence, and are in compliance with Act 304 and should be approved by the Commission.

8. SEMCO's five-year forecast meets statutory mandates of Act 304 and should be accepted for filing.

9. SEMCO Gas's expanded voluntary gas customer choice program including the charges therefore, as set forth in the tariff sheets attached hereto as Attachment 4, is reasonable and prudent and should be approved by the Commission to be effective for gas service rendered on and after October 1, 2002. SEMCO Gas should also be authorized to charge a Capacity Demand Charge of \$0.3028 per Mcf to all gas choice customers. The undersigned parties also agree that for purposes of administration efficiency, the Capacity Demand Charge will be reviewed and revised in future GCR plan review proceedings.

10. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the positions of the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged under MRE 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, 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 may be made to enforce or implement the provisions of this settlement agreement and the order approving it.

11. This settlement agreement is based on the facts and circumstances of this case and is intended for final disposition of Case Nos. U-13223 and U-13305. So long as the Commission approves this settlement agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this settlement agreement. The parties to this settlement agreement specifically reserve the

right in non-GCR proceedings or in future GCR plan and reconciliation cases to take other or different positions regarding any issue involved herein. However, a party may not take a position in the reconciliation of the instant GCR plan proceeding which is inconsistent with 2002-2003 GCR Year plan as modified by the terms of this settlement agreement unless changed circumstances or other good cause justifies such position.

12. This settlement agreement is not severable. Each provision of this settlement agreement is dependent upon all other provisions of this 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 this settlement agreement, this settlement agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

13. The Staff agrees that approval of this agreement by the Commission would be reasonable and in the public interest.

14. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

**WHEREFORE**, the parties hereto respectfully request the Commission approve this settlement agreement and make it effective in accordance with its terms by final order.

SEMCO ENERGY GAS COMPANY

Dated: 7/24/02

By: Sherri A. Wellman  
One of Its Attorneys

Harvey J. Messing (P-23309)  
Gary L. Field (P-37270)  
Sherri A. Wellman (P-38989)  
LOOMIS, EWERT, PARSLEY,  
DAVIS & GOTTING, P.C.  
Attorneys for SEMCO ENERGY GAS COMPANY

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: 7/18/02

By: Patricia S. Barone  
Patricia S. Barone (P29560)  
Assistant Attorney General for the Staff

ATTORNEY GENERAL JENNIFER M. GRANHOLM

Dated: 7/24/02

By: Orjiakor Isiogu (P42788)  
Orjiakor Isiogu (P42788)  
Assistant Attorney General

RESIDENTIAL RATEPAYER CONSORTIUM

Dated: 7-17-02

By: David Shultz  
David Shultz  
Shultz & Royal, PC  
Attorney for the Residential Ratepayers Consortium

# **Attachment 1**

**SEMCO ENERGY GAS COMPANY**  
**2002-2003 On-System Storage Plan**  
**(MPSC Division)**

**Planned Monthly Injection/(Withdrawal) Activity**

| Field              | Apr<br>30   | May<br>31 | Jun<br>30 | Jul<br>31 | Aug<br>31 | Sep<br>30 | (1)<br>Oct<br>31 | Nov<br>30 | Dec<br>31 | Jan<br>31 | Feb<br>28   | Mar<br>31 | Total     |         |
|--------------------|---|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-------------|-----------|-----------|---------|
| 1 Collins          | 140,066   | 152,678   | 152,678   | 152,678   | 152,678   | 152,678   | 95,426           | 0         | (200,000) | (500,000) | (442,500)   | (257,500) |           |         |
| 2 Morton 17-21 (3) | 170,836   | 248,641   | 248,641   | 248,641   | 248,641   | 248,641   | 155,400          | (100,000) | (300,000) | (500,000) | (352,500)   | (167,500) |           |         |
| 3 Morton 16 (2)    | 38,082  | 54,508    | 0         | 0         | 0         | 0         | 0                | 0         | 0         | 0         | (90,000)    | (90,000)  |           |         |
| 4                  |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 5                  | Totals  | 348,984   | 455,827   | 401,319   | 401,319   | 401,319   | 401,319          | 250,826   | (100,000) | (500,000) | (1,000,000) | (885,000) | (515,000) |         |
| 6                  |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 7                  |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 8                  | Total Injections  | 348,984   | 455,827   | 401,319   | 401,319   | 401,319   | 401,319          | 250,826   | 0         | 0         | 0           | 0         | 2,660,913 |         |
| 9                  | Total Withdrawals   | 0         | 0         | 0         | 0         | 0         | 0                | 0         | (100,000) | (500,000) | (1,000,000) | (885,000) | (515,000) |         |
| 10                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 11                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 12                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 13                 | First of Month Inventory  |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 14                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 15                 | Field   | Apr<br>30 | May<br>31 | Jun<br>30 | Jul<br>31 | Aug<br>31 | Sep<br>30        | Oct<br>31 | Nov<br>30 | Dec<br>31 | Jan<br>31   | Feb<br>28 | Mar<br>31 |         |
| 16                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 17                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 18                 | Collins   | 501,118   | 641,184   | 793,862   | 946,540   | 1,099,218 | 1,251,896        | 1,404,574 | 1,500,000 | 1,500,000 | 1,300,000   | 800,000   | 357,500   | 100,000 |
| 19                 | Morton 17-21  | 14,559    | 185,395   | 434,036   | 682,677   | 931,318   | 1,179,959        | 1,428,600 | 1,584,000 | 1,484,000 | 1,184,000   | 684,000   | 334,500   | 164,000 |
| 20                 | Morton 16   | 87,410    | 125,492   | 180,000   | 180,000   | 180,000   | 180,000          | 180,000   | 180,000   | 180,000   | 180,000     | 180,000   | 90,000    | 0       |
| 21                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 22                 | Totals  | 603,087   | 952,071   | 1,407,898 | 1,809,217 | 2,210,536 | 2,611,855        | 3,013,174 | 3,264,000 | 3,164,000 | 2,664,000   | 1,664,000 | 779,000   | 264,000 |
| 23                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 24                 |   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 25                 | Notes   |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 26                 | 1. Injections reduced in October to accommodate Fall shut-in and pressure survey            |           |           |           |           |           |                  |           |           |           |             |           |           |         |
| 27                 | 2. Morton 16 held for late winter deliverability  |           |           |           |           |           |                  |           |           |           |             |           |           |         |
|                    | 3. Morton 17-21 only filled 90% to handle late fall or early winter injections on warm days |           |           |           |           |           |                  |           |           |           |             |           |           |         |

**SEMCO ENERGY GAS COMPANY**  
**2002-2003 Off-System Storage Plan**  
**(MPSC Division)**

**Planned Monthly Injection/(Withdrawal) Activity**

| Field          | Apr<br>30   | May<br>31 | Jun<br>30 | Jul<br>31 | Aug<br>31 | Sep<br>30 | Oct<br>31 | Nov<br>30 | Dec<br>31   | Jan<br>31   | Feb<br>28   | Mar<br>31   | Total                  |
|----------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|------------------------|
| 1 ANR (4)      | 0   | 139,100   | 253,094   | 149,671   | 149,671   | 144,843   | 80,960    | (50,000)  | (225,000)   | (250,000)   | (225,000)   | (90,000)    |                        |
| 2 NNG          | 0   | 0         | 200,000   | 200,000   | 200,000   | 200,000   | 160,000   | (50,000)  | (250,000)   | (275,000)   | (250,000)   | (100,000)   |                        |
| 3 CECO (1)     | 0   | 0         | 50,000    | 50,000    | 50,000    | 50,000    | 50,000    | 0         | 0           | (100,000)   | (100,000)   | 0           |                        |
| 4 ERGSS (5)    | 1,037,066   | 635,287   | 870,000   | 675,000   | 675,000   | 655,000   | 512,647   | (400,000) | (1,200,000) | (1,300,000) | (1,000,000) | (800,000)   |                        |
| 5              |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 6              | Totals  | 1,037,066 | 774,387   | 1,373,094 | 1,074,671 | 1,074,671 | 1,049,843 | 803,607   | (500,000)   | (1,675,000) | (1,925,000) | (1,574,999) | (989,999)              |
| 7              |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 8              |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 9              | Total Injections  | 1,037,066 | 774,387   | 1,373,094 | 1,074,671 | 1,074,671 | 1,049,843 | 803,607   | 0           | 0           | 0           | 0           | 0                      |
| 10             | Total Withdrawals   | 0         | 0         | 0         | 0         | 0         | 0         | 0         | (500,000)   | (1,675,000) | (1,925,000) | (1,574,999) | (989,999)              |
| 11             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 12             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 13             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 14             | First of Month Inventory  |           |           |           |           |           |           |           |             |             |             |             |                        |
| 15             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 16             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| Field          | Apr<br>30   | May<br>31 | Jun<br>30 | Jul<br>31 | Aug<br>31 | Sep<br>30 | Oct<br>31 | Nov<br>30 | Dec<br>31   | Jan<br>31   | Feb<br>28   | Mar<br>31   | Year<br>End<br>Balance |
| 19 ANR (2) (3) | 0   | 0         | 139,100   | 392,194   | 541,865   | 691,537   | 836,380   | 917,340   | 867,339     | 642,340     | 392,340     | 167,341     | 77,341                 |
| 20 NNG (6)     | 0   | 0         | 0         | 200,000   | 400,000   | 600,000   | 800,000   | 960,000   | 910,000     | 660,000     | 385,000     | 135,000     | 35,000                 |
| 21 CECO        | 0   | 0         | 0         | 50,000    | 100,000   | 150,000   | 200,000   | 250,000   | 250,000     | 250,000     | 150,000     | 50,000      | 50,000                 |
| 22 ERGSS (3)   | 0   | 1,037,066 | 1,672,353 | 2,542,353 | 3,217,353 | 3,892,353 | 4,547,353 | 5,060,000 | 4,660,000   | 3,460,000   | 2,160,000   | 1,160,000   | 360,000                |
| 23             | Totals  | 0         | 1,037,066 | 1,811,453 | 3,184,547 | 4,259,218 | 5,333,889 | 6,383,733 | 7,187,340   | 6,687,339   | 5,012,340   | 3,087,340   | 1,512,341              |
| 24             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 25             |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 26 Notes       |   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 27             | 1. CECO is a daily balancing account used in winter for park and loan activity.   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 28             | 2. ANR Storage filled 95% for no notice activity.   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 29             | 3. Off System Storage is empty on 4/1/2002 since all gas in storage prior to 4/1 is owned by BP. BP gas remaining in SEMCO Storage on 3/31: ANR - 65,645, ERGSS - 1,329,149, NNG - 35,818 |           |           |           |           |           |           |           |             |             |             |             |                        |
| 30             | 4. ANR in-place gas purchases - (MPSC: April = 0, May = 62,452, June = 200,000)   |           |           |           |           |           |           |           |             |             |             |             |                        |
| 31             | 5. ERGSS in-place gas purchases - (MPSC: April = 900,000, May = 175,710)  |           |           |           |           |           |           |           |             |             |             |             |                        |
| 32             | 6. Remaining BP gas in SEMCO's NNG storage delivered to SEMCO NNG City Gate in April  |           |           |           |           |           |           |           |             |             |             |             |                        |

**SEMCO ENERGY GAS COMPANY**  
**Gas Supply Purchasing Plan Summary**  
**MPSC Division 2002 - 2003**

|    | Apr<br>2002<br>30   | May<br>2002<br>31 | Jun<br>2002<br>30 | Jul<br>2002<br>31 | Aug<br>2002<br>31 | Sep<br>2002<br>30 | Oct<br>2002<br>31 | Nov<br>2002<br>30 | Dec<br>2002<br>31 | Jan<br>2003<br>31 | Feb<br>2003<br>28 | Mar<br>2003<br>31 | 2002<br>Total |            |
|----|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|------------|
| 1  | Eastern (Inc Albion)  | 1,584,602         | 920,308           | 345,225           | 403,696           | 350,572           | 355,873           | 946,323           | 1,758,505         | 2,301,018         | 2,718,261         | 2,358,896         | 2,111,452     | 16,154,731 |
| 2  | Western   | 480,179           | 457,460           | 154,276           | 189,815           | 222,719           | 139,405           | 338,304           | 625,524           | 908,469           | 994,849           | 875,331           | 766,728       | 6,153,059  |
| 3  | Southwestern  | 432,597           | 227,785           | 119,647           | 157,509           | 142,722           | 144,284           | 294,672           | 520,188           | 763,260           | 864,276           | 717,699           | 595,361       | 4,980,001  |
| 4  | Northern - West Side  | 464,268           | 271,983           | 131,049           | 90,818            | 82,740            | 117,015           | 338,336           | 453,534           | 635,341           | 649,016           | 549,876           | 489,650       | 4,273,646  |
| 5  | Northern - East Side  | 89,511            | 41,008            | 30,204            | 21,699            | 19,984            | 20,659            | 54,035            | 79,237            | 105,348           | 113,256           | 107,708           | 95,212        | 777,861    |
| 6  | Total Projected Demand (net of Cust. Choice)  | 3,051,177         | 1,918,645         | 780,401           | 863,537           | 818,737           | 777,236           | 1,971,670         | 3,436,988         | 4,713,436         | 5,339,658         | 4,609,510         | 4,058,403     | 32,339,298 |
| 7  |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 8  |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 9  | On-System Storage Inj/Wdl   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 10 | Collins   | 140,066           | 152,678           | 152,678           | 152,678           | 152,678           | 152,678           | 95,426            | 0                 | (200,000)         | (500,000)         | (442,500)         | (257,500)     | (401,118)  |
| 11 | Morton 17-21  | 170,836           | 248,641           | 248,641           | 248,641           | 248,641           | 248,641           | 155,400           | (100,000)         | (300,000)         | (500,000)         | (352,500)         | (167,500)     | 149,441    |
| 12 | Morton 16   | 38,082            | 54,508            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | (90,000)          | (90,000)      | (87,410)   |
| 13 | Total On-System Storage Activity  | 348,984           | 455,827           | 401,319           | 401,319           | 401,319           | 401,319           | 250,826           | (100,000)         | (500,000)         | (1,000,000)       | (885,000)         | (515,000)     | (339,087)  |
| 14 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 15 | Off-System Storage Inj/Wdl  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 16 | ANR   | 0                 | 139,100           | 253,094           | 149,671           | 149,671           | 144,843           | 80,960            | (50,000)          | (225,000)         | (250,000)         | (225,000)         | (90,000)      | 77,341     |
| 17 | NNG   | 0                 | 0                 | 200,000           | 200,000           | 200,000           | 200,000           | 160,000           | (50,000)          | (250,000)         | (275,000)         | (250,000)         | (100,000)     | 35,000     |
| 18 | CECO  | 0                 | 0                 | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            | 0                 | 0                 | (100,000)         | (100,000)         | 0             | 50,000     |
| 19 | Eaton Rapids  | 1,037,066         | 635,287           | 870,000           | 575,000           | 675,000           | 655,000           | 512,647           | (400,000)         | (1,200,000)       | (1,300,000)       | (1,000,000)       | (800,000)     | 360,000    |
| 20 | Total Off-System Storage Activity   | 1,037,066         | 774,387           | 1,373,094         | 1,074,671         | 1,074,671         | 1,049,843         | 803,607           | (500,000)         | (1,675,000)       | (1,925,000)       | (1,574,999)       | (969,999)     | 522,341    |
| 21 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 22 | Total Delivered Gas Requirements  | 4,437,227         | 3,148,759         | 2,554,814         | 2,339,527         | 2,294,727         | 2,228,398         | 3,026,103         | 2,836,988         | 2,538,436         | 2,414,658         | 2,149,511         | 2,353,404     | 32,522,552 |
| 23 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 24 | Average Daily Requirements  | 147,908           | 101,573           | 85,160            | 75,469            | 74,023            | 74,280            | 97,616            | 94,566            | 81,885            | 77,892            | 76,768            | 82,368        |            |
| 25 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 26 | Term Supply Sources   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 27 | ANR SW (BP Energy) - Fixed Price  | 514,059           | 282,078           | 152,671           | 146,418           | 155,163           | 180,936           | 425,096           | 266,414           | 523,931           | 649,594           | 543,700           | 383,003       | 4,223,063  |
| 28 | ANR SW (BP Energy) - Fixed Price  | 286,530           | 295,081           | 286,530           | 295,081           | 296,081           | 285,530           | 296,081           | 0                 | 0                 | 0                 | 0                 | 0             | 2,043,914  |
| 29 | ANR SE (BP Energy) - Fixed Price  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 428,445           | 442,727           | 442,727           | 399,882           | 442,727       | 2,156,508  |
| 30 | ANR SE (BP Energy) - Fixed Price  | 127,102           | 131,339           | 127,102           | 131,339           | 131,339           | 127,102           | 131,339           | 0                 | 0                 | 0                 | 0                 | 0             | 906,662    |
| 31 | GLTC (Mirant) - Variable Price  | 439,895           | 454,558           | 439,895           | 454,558           | 454,558           | 439,895           | 454,558           | 439,895           | 454,558           | 454,558           | 410,569           | 454,558       | 5,352,055  |
| 32 | NNG (BP Energy) - Fixed Price   | 92,886            | 60,261            | 35,475            | 27,555            | 24,884            | 38,080            | 90,947            | 119,285           | 162,307           | 167,170           | 156,764           | 131,806       | 1,107,420  |
| 33 | Peaking Service (BP to CECO) - Fixed Price  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 65,000            | 110,000           | 90,000            | 35,000        | 300,000    |
| 34 | Peaking Service (BP to MichCon) - Fixed Price   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 30,000            | 48,000            | 37,000            | 15,000        | 130,000    |
| 35 | Total Term Supply Sources   | 1,460,472         | 1,224,317         | 1,041,673         | 1,055,951         | 1,062,025         | 1,072,543         | 1,398,021         | 1,254,039         | 1,678,523         | 1,872,049         | 1,637,915         | 1,462,094     | 16,219,622 |
| 36 | % Term Supply   | 33%               | 39%               | 41%               | 45%               | 46%               | 48%               | 46%               | 44%               | 66%               | 78%               | 76%               | 57%           | 50%        |
| 37 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 38 | Spot Supply Sources   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 39 | ANR SW - Spot   | 136,971           | 390,653           | 498,359           | 526,313           | 517,568           | 470,094           | 247,635           | 450,899           | 128,486           | 643               | 95,546            | 276,649       | 3,739,816  |
| 40 | ANR SE - Spot   | 381,308           | 394,018           | 217,333           | 184,549           | 232,606           | 305,326           | 394,018           | 0                 | 0                 | 0                 | 0                 | 0             | 2,109,158  |
| 41 | ANR Chicago - Spot  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 450,899           | 128,486           | 643               | 95,546            | 276,648       | 952,222    |
| 42 | GLTC - Spot   | 15,955            | 16,487            | 15,955            | 16,487            | 16,487            | 15,955            | 16,487            | 120,955           | 124,987           | 0                 | 124,987           | 609,729       |            |
| 43 | PEPL - Spot   | 262,320           | 271,064           | 262,320           | 271,064           | 186,685           | 63,845            | 271,064           | 252,647           | 225,420           | 173,890           | 153,092           | 126,782       | 2,520,193  |
| 44 | NNG (Carlton Obligation) - Spot   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 96,000            | 99,200            | 99,200            | 89,600            | 99,200        | 483,200    |
| 45 | NNG - Spot  | 371,402           | 211,722           | 295,574           | 263,263           | 257,856           | 278,935           | 407,389           | 188,249           | 123,834           | 107,646           | 53,512            | 158,644       | 2,718,026  |
| 46 | Total Spot Supply Sources   | 1,167,956         | 1,283,944         | 1,289,541         | 1,261,676         | 1,211,202         | 1,134,155         | 1,336,593         | 1,559,649         | 830,413           | 507,009           | 487,286           | 1,062,910     | 13,132,344 |
| 47 | % Spot Supply   | 26%               | 41%               | 50%               | 54%               | 53%               | 51%               | 44%               | 55%               | 33%               | 21%               | 23%               | 42%           | 40%        |
| 48 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 49 | Other Sources   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 50 | City Gate Purchases   | 875,999           | 368,136           | 0                 | 0                 | 0                 | 0                 | 266,889           | 0                 | 0                 | 0                 | 0                 | 0             | 0          |
| 51 | In-Place Storage Purchase (BP)  | 900,000           | 238,162           | 200,000           | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0             | 1,338,162  |
| 52 | Colder Than Normal Protection Purchase (1)  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 500,000           | 0                 | (100,000)         | (200,000)     | 200,000    |
| 53 | Local Production Purchases  | 32,800            | 34,200            | 23,600            | 21,900            | 21,500            | 21,700            | 24,600            | 23,300            | 29,500            | 35,600            | 24,300            | 28,400        | 321,400    |
| 54 | Total Other Sources   | 1,808,799         | 640,498           | 223,600           | 21,900            | 21,500            | 21,700            | 291,489           | 23,300            | 529,600           | 35,600            | (75,700)          | (171,600)     | 1,859,562  |
| 55 | % Other   | 41%               | 20%               | 9%                | 1%                | 1%                | 1%                | 10%               | 1%                | 21%               | 1%                | -4%               | -7%           | 6%         |
| 56 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 57 | Total Supply Sources  | 4,437,227         | 3,148,759         | 2,554,814         | 2,339,527         | 2,294,727         | 2,228,398         | 3,026,103         | 2,836,988         | 3,038,436         | 2,414,658         | 2,049,511         | 2,353,404     | 32,722,552 |
| 58 |   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 59 | Note  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |
| 60 | 1. Rolling colder-than-normal protection spot purchase of an additional 500,000 Dth of spot for December. |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |               |            |

**SEMCO ENERGY GAS COMPANY**  
**Gas Supply Purchasing Plan Summary**  
**MPSC Division 2003 - 2004**

|  | Apr<br>2003<br>30 | May<br>2003<br>31 | Jun<br>2003<br>30 | Jul<br>2003<br>31 | Aug<br>2003<br>31 | Sep<br>2003<br>30 | Oct<br>2003<br>31 | Nov<br>2003<br>30 | Dec<br>2003<br>31 | Jan<br>2004<br>31 | Feb<br>2004<br>28 | Mar<br>2004<br>31 | 2003<br>2004<br>Total |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|
| 1 Total Projected Demand (net of Cust. Choice)   | 2,214,080         | 1,392,297         | 567,402           | 688,232           | 689,393           | 694,224           | 1,760,230         | 3,068,910         | 4,212,104         | 4,775,153         | 4,121,515         | 3,627,168         | 27,810,708            |
| 2 % Change from Prior Year   | -27.44%           | -27.43%           | -27.29%           | -20.30%           | -15.80%           | -10.68%           | -10.72%           | -10.71%           | -10.64%           | -10.57%           | -10.59%           | -10.63%           | -14.00%               |
| 3 Total On-System Storage Activity   | 428,571           | 428,571           | 428,571           | 428,571           | 428,571           | 428,571           | 428,574           | (100,000)         | (500,000)         | (1,000,000)       | (885,000)         | (515,000)         | 0                     |
| 4 Total Off-System Storage Activity  | 952,143           | 952,143           | 952,143           | 952,143           | 952,143           | 952,143           | 952,141           | (500,000)         | (1,675,000)       | (1,925,000)       | (1,574,999)       | (989,999)         | 0                     |
| 5 Total Delivered Gas Requirements   | <u>3,594,794</u>  | <u>2,773,011</u>  | <u>1,948,116</u>  | <u>2,068,946</u>  | <u>2,070,107</u>  | <u>2,074,938</u>  | <u>3,140,945</u>  | <u>2,468,910</u>  | <u>2,037,104</u>  | <u>1,850,153</u>  | <u>1,661,516</u>  | <u>2,122,168</u>  | <u>27,810,708</u>     |
| 6 Supply Sources   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 7 Term Supply Sources  | 1,797,397         | 1,386,506         | 974,058           | 1,034,473         | 1,035,054         | 1,037,469         | 1,570,473         | 1,234,455         | 1,018,552         | 925,077           | 830,758           | 1,061,084         | 13,905,354            |
| 8 Spot and City Gate Supply Sources (1)  | 1,764,597         | 1,352,306         | 950,458           | 1,012,573         | 1,013,554         | 1,015,769         | 1,545,873         | 1,211,155         | 1,489,052         | 889,477           | 705,458           | 832,684           | 13,783,954            |
| 9 Other Sources - Local Production   | 32,800            | 34,200            | 23,600            | 21,900            | 21,500            | 21,700            | 24,600            | 23,300            | 29,500            | 35,600            | 24,300            | 28,400            | 321,400               |
| 10   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 11 Total Supply Sources  | <u>3,594,794</u>  | <u>2,773,011</u>  | <u>1,948,116</u>  | <u>2,068,946</u>  | <u>2,070,107</u>  | <u>2,074,938</u>  | <u>3,140,945</u>  | <u>2,468,910</u>  | <u>2,537,104</u>  | <u>1,850,153</u>  | <u>1,561,516</u>  | <u>1,922,168</u>  | <u>28,010,708</u>     |
| 12 % Term Supply   | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 50%               | 40%               | 50%               | 53%               | 55%               | 50%                   |
| 13 % Spot and City Gate Supply   | 49%               | 49%               | 49%               | 49%               | 49%               | 49%               | 49%               | 49%               | 59%               | 48%               | 45%               | 43%               | 49%                   |
| 14 % Other Sources   | 1%                | 1%                | 1%                | 1%                | 1%                | 1%                | 1%                | 1%                | 1%                | 2%                | 2%                | 1%                | 1%                    |
| 15   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 16   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 17   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 18   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 19   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 20   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 21   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 22   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 23 Note:   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |
| 24 1. Includes colder-than-normal protection of 500,000 Dth spot purchase for December |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                       |

**SEMCO ENERGY GAS COMPANY**  
**Gas Supply Purchasing Plan Summary**  
**MPSC Division 2004 - 2005**

|    | Demand - Dth                                 | Apr 2004<br>30 | May 2004<br>31 | Jun 2004<br>30 | Jul 2004<br>31 | Aug 2004<br>31 | Sep 2004<br>30 | Oct 2004<br>31 | Nov 2004<br>30 | Dec 2004<br>31 | Jan 2005<br>31 | Feb 2005<br>28 | Mar 2005<br>31 | 2004<br>2005<br>Total |
|----|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| 1  | Total Projected Demand (net of Cust. Choice) | 2,256,793      | 1,419,033      | 578,212        | 701,249        | 701,899        | 708,336        | 1,793,031      | 3,123,922      | 4,291,229      | 4,862,540      | 4,196,231      | 3,691,313      | 28,323,787            |
| 2  | % Change from Prior Year                     | 1.93%          | 1.92%          | 1.91%          | 1.89%          | 1.81%          | 2.03%          | 1.86%          | 1.79%          | 1.88%          | 1.83%          | 1.81%          | 1.77%          | 1.84%                 |
| 3  | Total On-System Storage Activity             | 428,571        | 428,571        | 428,571        | 428,571        | 428,571        | 428,571        | 428,674        | (100,000)      | (500,000)      | (1,000,000)    | (885,000)      | (515,000)      | 0                     |
| 4  | Total Off-System Storage Activity            | 952,143        | 952,143        | 952,143        | 952,143        | 952,143        | 952,143        | 952,141        | (500,000)      | (1,675,000)    | (1,925,000)    | (1,574,999)    | (989,999)      | 0                     |
| 5  | Total Delivered Gas Requirements             | 3,637,507      | 2,799,747      | 1,958,926      | 2,081,963      | 2,082,613      | 2,089,050      | 3,173,746      | 2,523,922      | 2,116,229      | 1,937,540      | 1,736,232      | 2,186,314      | 28,323,789            |
| 6  | Supply Sources                               |                |                |                |                |                |                |                |                |                |                |                |                |                       |
| 7  | Term Supply Sources                          | 1,818,754      | 1,399,874      | 979,463        | 1,040,982      | 1,041,307      | 1,044,525      | 1,586,873      | 1,261,961      | 1,058,115      | 968,770        | 868,116        | 1,093,157      | 14,161,895            |
| 8  | Spot and City Gate Supply Sources            | 1,785,954      | 1,365,674      | 955,863        | 1,019,082      | 1,019,807      | 1,022,825      | 1,562,273      | 1,238,661      | 1,528,615      | 933,170        | 743,816        | 864,757        | 14,040,495            |
| 9  | Other Sources - Local Production             | 32,800         | 34,200         | 23,600         | 21,900         | 21,500         | 21,700         | 24,600         | 23,300         | 29,500         | 35,600         | 24,300         | 28,400         | 321,400               |
| 10 | Total Supply Sources                         | 3,637,507      | 2,799,747      | 1,958,926      | 2,081,963      | 2,082,613      | 2,089,050      | 3,173,746      | 2,523,922      | 2,616,229      | 1,937,540      | 1,636,232      | 1,986,314      | 28,523,789            |
| 11 | % Term Supply                                | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 50%            | 40%            | 50%            | 53%            | 55%            | 50%                   |
| 12 | % Spot and City Gate Supply                  | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 49%            | 58%            | 48%            | 45%            | 44%            | 49%                   |
| 13 | % Other Sources                              | 1%             | 1%             | 1%             | 1%             | 1%             | 1%             | 1%             | 1%             | 1%             | 2%             | 1%             | 1%             | 1%                    |

23 Note:

24 1. Includes colder-than-normal protection of 500,000 Dth spot purchase for December

SEMCO ENERGY GAS COMPANY  
 Gas Supply Purchasing Plan Summary  
 MPSC Division 2005 - 2006

|    | Demand - Dth                                 | Apr 2005  | May 2005  | Jun 2005  | Jul 2005  | Aug 2005  | Sep 2005  | Oct 2005  | Nov 2005  | Dec 2005    | Jan 2006    | Feb 2006    | Mar 2006  | 2005 Total |
|----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-----------|------------|
| 1  | Total Projected Demand (net of Cust. Choice) | 2,297,755 | 1,444,508 | 588,510   | 713,647   | 713,740   | 721,009   | 1,823,818 | 3,177,131 | 4,367,873   | 4,949,927   | 4,270,947   | 3,755,459 | 28,824,322 |
| 2  | % Change from Prior Year                     | 1.82%     | 1.80%     | 1.78%     | 1.77%     | 1.69%     | 1.79%     | 1.72%     | 1.70%     | 1.79%       | 1.80%       | 1.78%       | 1.74%     | 1.77%      |
| 3  | Total On-System Storage Activity             | 428,571   | 428,571   | 428,571   | 428,571   | 428,571   | 428,571   | 428,574   | (100,000) | (500,000)   | (1,000,000) | (885,000)   | (515,000) | 0          |
| 4  | Total Off-System Storage Activity            | 952,143   | 952,143   | 952,143   | 952,143   | 952,143   | 952,143   | 952,141   | (500,000) | (1,675,000) | (1,925,000) | (1,574,999) | (989,999) | 0          |
| 5  | Total Delivered Gas Requirements             | 3,678,469 | 2,825,222 | 1,969,224 | 2,094,361 | 2,094,454 | 2,101,723 | 3,204,533 | 2,577,131 | 2,192,873   | 2,024,927   | 1,810,947   | 2,250,459 | 28,824,323 |
| 6  | <b>Supply Sources</b>                        |           |           |           |           |           |           |           |           |             |             |             |           |            |
| 7  | Term Supply Sources                          | 1,839,235 | 1,412,611 | 984,612   | 1,047,181 | 1,047,227 | 1,050,862 | 1,602,267 | 1,288,566 | 1,096,437   | 1,012,464   | 905,474     | 1,125,230 | 14,412,162 |
| 8  | Spot and City Gate Supply Sources            | 1,806,435 | 1,378,411 | 961,012   | 1,025,281 | 1,025,727 | 1,029,162 | 1,577,667 | 1,265,266 | 1,566,937   | 976,864     | 781,174     | 896,830   | 14,290,762 |
| 9  | Other Sources - Local Production             | 32,800    | 34,200    | 23,600    | 21,900    | 21,500    | 21,700    | 24,600    | 23,300    | 29,500      | 35,600      | 24,300      | 28,400    | 321,400    |
| 10 | Total Supply Sources                         | 3,678,469 | 2,825,222 | 1,969,224 | 2,094,361 | 2,094,454 | 2,101,723 | 3,204,533 | 2,577,131 | 2,692,873   | 2,024,927   | 1,710,947   | 2,050,459 | 29,024,323 |
| 11 | % Term Supply                                | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 41%         | 50%         | 53%         | 55%       | 50%        |
| 12 | % Spot and City Gate Supply                  | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 58%         | 48%         | 46%         | 44%       | 49%        |
| 13 | % Other Sources                              | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%          | 2%          | 1%          | 1%        | 1%         |

Note:

1. Includes colder-than-normal protection of 500,000 Dth spot purchase for December

**SEMCO ENERGY GAS COMPANY**  
**Gas Supply Purchasing Plan Summary**  
**MPSC Division 2006 - 2007**

|    | Demand - Dth                                 | Apr 2006  | May 2006  | Jun 2006  | Jul 2006  | Aug 2006  | Sep 2006  | Oct 2006  | Nov 2006  | Dec 2006    | Jan 2007    | Feb 2007    | Mar 2007  | 2006 Total |
|----|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-----------|------------|
| 1  | Total Projected Demand (net of Cust. Choice) | 2,320,854 | 1,458,486 | 593,591   | 720,619   | 719,652   | 727,183   | 1,838,469 | 3,206,338 | 4,408,503   | 4,912,186   | 4,239,245   | 3,728,584 | 28,873,711 |
| 2  | % Change from Prior Year                     | 1.01%     | 0.97%     | 0.86%     | 0.98%     | 0.83%     | 0.86%     | 0.80%     | 0.92%     | 0.93%       | -0.76%      | -0.74%      | -0.72%    | 0.17%      |
| 3  | Total On-System Storage Activity             | 428,571   | 428,571   | 428,571   | 428,571   | 428,571   | 428,571   | 428,574   | (100,000) | (500,000)   | (1,000,000) | (885,000)   | (515,000) | 0          |
| 4  | Total Off-System Storage Activity            | 952,143   | 952,143   | 952,143   | 952,143   | 952,143   | 952,143   | 952,141   | (500,000) | (1,675,000) | (1,925,000) | (1,574,999) | (989,999) | 0          |
| 5  | Total Delivered Gas Requirements             | 3,701,568 | 2,839,200 | 1,974,305 | 2,101,333 | 2,100,366 | 2,107,897 | 3,219,184 | 2,606,337 | 2,233,504   | 1,987,186   | 1,779,246   | 2,223,585 | 28,873,711 |
| 6  | <b>Supply Sources</b>                        |           |           |           |           |           |           |           |           |             |             |             |           |            |
| 7  | Term Supply Sources                          | 1,850,784 | 1,419,600 | 987,153   | 1,050,667 | 1,050,183 | 1,053,949 | 1,609,592 | 1,303,169 | 1,116,752   | 993,593     | 889,623     | 1,111,793 | 14,436,856 |
| 8  | Spot and City Gate Supply Sources            | 1,817,984 | 1,385,400 | 963,553   | 1,028,767 | 1,028,683 | 1,032,249 | 1,584,992 | 1,279,869 | 1,087,252   | 1,457,993   | 765,323     | 883,393   | 14,315,456 |
| 9  | Other Sources - Local Production             | 32,800    | 34,200    | 23,600    | 21,900    | 21,500    | 21,700    | 24,600    | 23,300    | 29,500      | 35,600      | 24,300      | 28,400    | 321,400    |
| 10 | Total Supply Sources                         | 3,701,568 | 2,839,200 | 1,974,305 | 2,101,333 | 2,100,366 | 2,107,897 | 3,219,184 | 2,606,337 | 2,233,504   | 2,487,186   | 1,679,246   | 2,023,585 | 29,073,711 |
| 11 | % Term Supply                                | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 50%       | 50%         | 40%         | 53%         | 55%       | 50%        |
| 12 | % Spot and City Gate Supply                  | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 49%       | 49%         | 59%         | 46%         | 44%       | 49%        |
| 13 | % Other Sources                              | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%        | 1%          | 1%          | 1%          | 1%        | 1%         |

23 Note:

24 1. Includes colder-than-normal protection of 500,000 Dth spot purchase for December

## **Attachment 2**

SEMCO ENERGY GAS COMPANY

DOCUMENTATION OF GAS SUPPLY TRANSACTIONS

The following outlines the SEMCO Energy Gas Company policy on retention and custody of invoices, supporting documentation, schedules and other items that are necessary to ensure gas purchases and related costs are accurately reflected in BP Canada Energy Gas Marketing Corporation's (BP) monthly invoice.

The following information will be retained by SEMCO ENERGY GAS COMPANY:

- 1) Monthly Invoice of Gas Purchased from BP
- 2) Summary of purchases noting price, delivery point, and pricing methodology
- 3) Copies of all transportation and storage invoices
- 4) All Third Party storage statements
- 5) All Third Party Imbalance statements
- 6) All Third Party Pipeline Actuals
- 7) RFP's for the purchase of any long term purchases
- 8) Summary of nominations by pipeline and contract number detailing both purchased volumes, delivered volumes, fuel and fuel percentages in effect.
- 9) Statement of NYMEX closing and any other applicable indexes in use for the month.
- 10) Gas Daily and Inside FERC
- 11) Workpapers relating to any audits of BP information (which may include items 1-3 listed below).

BP will retain the following information

- 1) Internal Documents Supporting the purchase of any SEMCO Gas supplies
- 2) Any third party invoices for the purchase of SEMCO supplies

SEMCO ENERGY will have the right, upon written request, to obtain from BP sufficient documentation that SEMCO judges is necessary to support any amount appearing on the monthly SEMCO invoice or is necessary to support any amounts included in any schedules provided by BP.

## **Attachment 3**

### **GAS COST RECOVERY FACTORS**

The following Gas Cost Recovery Factors are authorized pursuant to the Gas Cost Recovery Clause:

| <b><u>First Quarter</u></b>  | <b><u>Original GCR Factors *</u></b> |
|------------------------------|--------------------------------------|
| April, 2002                  | \$ 3.2728 per Mcf                    |
| May, 2002                    | \$ 3.8280 per Mcf                    |
| June, 2002                   | \$ 3.8280 per Mcf                    |
| <b><u>Second Quarter</u></b> |                                      |
| July, 2002                   | \$ 3.8280 per Mcf                    |
| August, 2002                 | \$ 3.8280 per Mcf                    |
| September, 2002              | \$ 3.8280 per Mcf                    |
| <b><u>Third Quarter</u></b>  |                                      |
| October, 2002                | \$ 3.8280 per Mcf                    |
| November, 2002               | \$ 3.8280 per Mcf                    |
| December, 2002               | \$ 3.8280 per Mcf                    |
| <b><u>Fourth Quarter</u></b> |                                      |
| January, 2002                | \$3.8280 per Mcf                     |
| February, 2002               | \$3.8280 per Mcf                     |
| March, 2002                  | \$3.8280 per Mcf                     |

\* These Original Gas Cost Recovery Factors are composed of the following cost components:

|                        |  |
|------------------------|--|
| Balancing Charge       | \$ 0.2500 per Mcf  |
| Capacity Demand Charge | \$ 0.3028 per Mcf  |
| Gas Commodity Charge   | \$ 2.7200 per Mcf – April 2002<br>\$ 3.2752 per Mcf – May 2002 to March 2003 |

\* These Original Gas Cost Recovery Factors are subject to adjustment pursuant to the GCR Factor Adjustment Mechanism on Sheet No. E-3.10.

The adjusted GCR Factors per the GCR Factor Adjustment Mechanism are the Maximum GCR Factors the Company may charge. The actual GCR Factor charges in any month may be less than the adjusted GCR Factor. Contact the Company or the Commission for the actual rates charged.

The Company will file by December 31, 2002 for maximum Gas cost recovery factors for April 2003 – March 2004. The Gas Cost Recovery Factor to be Charged beginning April 2002 is authorized pursuant to Section 6(h) (9) of 1982 PA 304, as amended, MCL 460.6 et seq.

Continued on Sheet No. E-3.10

Continued from Sheet No. E-3.00

**The Gas Cost Recovery Factors Adjustment Mechanism**

Pursuant to the Commission's order approving the Company's Gas Cost Recovery ("GCR") Plan for April, 2002 through March, 2003, Case No. U-13223, the GCR factors listed on Sheet No. E-3.00 may be increased on a quarterly basis, for the remaining months of such GCR Plan year, contingent upon NYMEX futures prices for natural gas increasing to a level above that which was incorporated in the calculation of the GCR factor ceiling prices.

At least 15 days, but no more than 30 days, before the beginning of each quarter, the Company shall file with the Commission updated Sheet No. E-3.00 if the adjustment mechanism calculation results in increases to the existing factors. The filing shall include all supporting documents necessary to verify the factor increases, including a copy of the NYMEX natural gas futures price sheet, for the closing date selected by the Company. Such sheet shall be the authoritative source used by the gas industry. The Company shall also file any additional information necessary to verify the factor increases. The filing shall be incorporated in the GCR Plan docket, Case No. U-13223.

**Calculation Methodology**

The GCR factors listed on Sheet E-3.00 for each of the remaining months of the GCR Plan period shall be increased by \$0.075 per Mcf for every \$0.10 per MMBtu increase in the NYMEX natural gas futures contract prices using the following formula:

New Factor = Original Factor + Adjustment

Adjustment = .75 \* (NYMEX Avg. Futures Price - NYMEX Avg. Base Price)

**Definitions**

New Factor - New Maximum GCR Factor (\$ / Mcf)

Original Factor - Maximum GCR Factor (\$ / Mcf)

NYMEX Avg. Futures Price - Simple average of the actual NYMEX monthly natural gas futures contract prices (\$ / MMBtu) for the remaining (n) months of the GCR period.

NYMEX Avg. Base Price - Simple average of the NYMEX monthly natural gas futures prices (in \$ / MMBtu) for the remaining (n) months of the GCR period, as incorporated in the approved GCR plan.

Continued on Sheet No. E-3.20

Continued from Sheet No. E-3.10

**Data Input Table**

| <u>Quarter</u>  | <u>(n) Remaining Months</u>   | <u>Original Factor</u> | <u>NYMEX Avg. Base</u> |
|-----------------|-------------------------------|------------------------|------------------------|
| 3 <sup>rd</sup> | 6 (October 2002 – March 2003) | \$3.8280 / Mcf         | \$3.30 per MMBtu       |
| 4 <sup>th</sup> | 3 (January 2002 – March 2003) | \$3.8280 / Mcf         | \$3.50 per MMBtu       |

**Example Calculation, Fourth Quarter**

New Factor \$3.8280 / Mcf + Adjustment

Adjustment =  $0.75 * [(Sum \text{ of } Remaining \text{ Months NYMEX Avg. Futures Prices}) / n - NYMEX \text{ Avg. Base Price}]$

$$= 0.75 * [(Jan03 NYMEX + Feb03 NYMEX + Mar03 NYMEX) / 3 - \$3.50 / MMBtu]$$

**Authorization**

The Commission is authorized to approve GCR Ceiling price adjustments contingent on future events, pursuant to Sec. 6h. (6) PA 304 of 1982. This Quarterly GCR Contingency Mechanism expires with the last billing cycle of the March 2003 Billing Month. The Contingency Mechanism is only effective for the current plan year and will not be effective for future years unless specifically authorized by the Commission in the company's future GCR Plan Proceedings.

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Jon A. Kosht  
President  
Port Huron, MI 48060

Effective for Gas Service Rendered On  
and After , 2002  
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Public Service Commission dated  
, 2002 in Case No. U-13223.

## **Attachment 4**

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

**G1. GENERAL PROVISIONS**

A Supplier desiring to supply gas to customers under Gas Customer Choice (GCC) Rate CC must register with the Staff of the Michigan Public Service 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.

**A. Participation and Solicitation**

Customers may elect to participate in the GCC program and Suppliers may solicit customer participation at any time.

**B. 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.

**C. 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 GCC 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.

**D. 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 plus any accrued interest, 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. G-2.00

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Port Huron, MI 48060

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Continued From Sheet No. G-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.

**E. 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.

**F. 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 intra-month 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 B4, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule B10 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 up-stream penalties to the Supplier to the extent that the Company has identified the Supplier as the cause of the penalty.

Continued On Sheet No. G- 3.00

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Continued From Sheet No. G-2.00

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.

#### **G. Proof of Capacity**

The Supplier shall be responsible for obtaining sufficient pipeline capacity to meet its delivery obligation.

#### **H. Supplier Nominations**

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.

#### **I. 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 \$.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 before the end of the prior billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf 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.

#### **J. 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. G- 4.00

Continued From Sheet No. G-3.00

**K. Reconciliation**

Except as set forth below, within 60 working days after the end of the March billing cycle, or upon revocation of a Supplier's Authorized Supplier status, the Company will reconcile the cost per MMBtu remitted to the Supplier per Paragraph J, before reductions for Administrative Fees, Billing Fees, Failure Fees, and any other authorized credits or charges, converted to cost per Mcf using monthly system-average Btu content, with the price per Mcf billed to customers over the course of the program year on the Supplier's behalf. Any difference multiplied by the smaller of the Mcf delivered by the Supplier or the billed customer consumption for the year being reconciled, will be reflected in an adjustment on the next monthly remittance to the Supplier.

In those instances where both (i) the price per Mcf billed to customers over the course of the program year on the Supplier's behalf is higher than the cost of gas billed to sales customers by the Company pursuant to the Company's Rule B10, and (ii) the MMBtu delivered by the Supplier converted to Mcf exceeds the billed customer consumption for the year being reconciled, then the following procedure will be used. In such instances, (i) within 60 working days after the end of the March billing cycle, or upon revocation of a Supplier's Authorized Supplier status, 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.

**L. Supplier Compliance Failure**

A Supplier that fails to comply with the terms and conditions of the GCC program shall have its Authorized Supplier status suspended and/or terminated and subject to Rule B3, Controlled Service, its customers shall become sales rate customers of the Company.

**M. Mcf to MMBtu Conversion**

The Company will convert customer consumption from Mcf to MMBtu using daily system-average Btu content by billing cycle.

**N. 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.

Continued on Sheet No. G-5.00

Continued From Sheet No. G-4.00

**O. 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.

**P. 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.

**Q. Supplier of Last Resort**

The Company will act as Supplier of last resort under the GCC program.

**R. Contract Language**

A Supplier must include the Company's required tariff language in all of its contracts.

**S. Customer Complaints**

If a customer has a complaint against a Supplier, the customer should try to resolve it first with the Supplier. If it is appropriate, the customer or Supplier should involve the Company. If the complaint is unresolved, the customer should involve the Michigan Public Service Commission Staff, and ultimately the Commission.

**T. Transportation Standards of Conduct**

The Transportation Standards of Conduct, Rules F5 and F6, shall apply to the GCC program.

**U. Reconciliation by Pool**

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.

Continued On Sheet No. G-6.00

Continued From Sheet G-5.00

**G2. RESIDENTIAL CUSTOMER PROTECTIONS**

- A. A Supplier must provide a 30-day unconditional cancellation period following the agreement date with a customer. The first day of the 30-day period is the day after the contract is entered into by the customer. The exercise of this 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 after receiving notice that a customer has cancelled the contract. 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.
- B. A customer has the right to terminate participation with a Supplier at any time if the initial contract period has ended. The exercise of this 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 after receiving notice that a customer has cancelled the contract. 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.
- C. A Supplier using face-to-face solicitation methods shall not represent itself as an employee or agent of the Company. A Supplier's sales representatives or agents 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.
- D. A Supplier must use a font size of at least 12 point for its contract with a customer.
- E. The following information must be included in the Supplier's contract with a customer:
  - 1) The Suppliers name
  - 2) The Suppliers address
  - 3) The Supplier's toll-free telephone number
  - 4) Cancellation rights
  - 5) Any customer fees or penalties related to the contract
  - 6) The contract pricing provisions in unit rates the customer is typically billed for
  - 7) The terms regarding contract length
  - 8) Provision of a 30-day advance notice of any price change at the expiration of a fixed price contract or termination of a month-to-month contract

Continued On Sheet No. G-7.00

Continued From Sheet No. G-6.00

- 9) In bold 14 point type above the place for the customer's signature, the statement: I acknowledge that I am the account holder, a person legally authorized to execute a contract on behalf of the account holder, or the spouse 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'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).
- F. A Supplier must allow the Staff of the Michigan Public Service Commission an opportunity to review and comment on its contract(s) at least five business days before the Supplier intends to use the contract(s) in the marketplace.
- G. A Supplier that does not comply with the requirements of the program will have its participation in the program suspended until the Company 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 Company determines do not meet all of the program requirements may result in the Supplier's termination from the program.
- H. A Supplier must send a confirmation letter to a customer within seven (7) days of the customer entering into an agreement with the Supplier. The confirmation letter must include any safety-related messages required by the Company. The Company is not required to send letters to customers confirming a customer's choice of an alternative Supplier.

**G3. SOLICITATION REQUIREMENTS**

- A. 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:
- 1) An original signature
  - 2) Independent third party verification
  - 3) Voice recording
  - 4) An e-mail address if signed up through the Internet
  - 5) Another form of verification record approved by the Commission

The Company or the Commission 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.

Continued On Sheet No. G-8.00

Continued From Sheet No. G-7.00

B. Suppliers who are soliciting customers must:

- 1) Clearly identify the Supplier on whose behalf they are soliciting
- 2) Not represent themselves as an employee or agent of the Company
- 3) Affirmatively indicate if they are a marketing affiliate of the Company that the affiliate is a separate entity and is not regulated by the Michigan Public Service Commission
- 4) Submit marketing materials to the Commission Staff for review at least five (5) business days prior to using the materials

C. 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 Section G2.E.

**G4. SUPPLIER REGISTRATION AND CODE OF CONDUCT**

A. A Supplier is required to register with the Michigan Public Service Commission and provide the following information prior to any solicitation:

- 1) The name of the Supplier's company/corporation or owner's name and type of organization
- 2) The Supplier's mailing address
- 3) The Supplier's principal place of business address
- 4) The name and address of the registered agent in Michigan and a working phone number during normal business hours
- 5) The Supplier's toll-free number available for customer inquiries and concerns
- 6) Prices and associated terms and conditions for commodity sales to residential customers updated on a monthly basis
- 7) Name, address and phone number of person designated to receive and respond to Commission requests

B. As a condition of registration as a Supplier, a Supplier must agree to abide by a code of conduct that provides:

- 1) The Supplier will issue accurate and understandable marketing materials. The Supplier will refrain from engaging in communications or practices that are fraudulent, deceptive or misleading. The Supplier 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. The Supplier will provide this documentation to the Commission, upon request. Marketing materials for residential customers must contain the average price per 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. If the Supplier does not offer a fixed price, the marketing materials must contain a clear explanation of the mechanism used to determine the price and an example of how the mechanism would be implemented over a relevant time period and for relevant usages. Marketing materials will clearly identify optional services.

Continued From Sheet No. G-8.00

- 2) The Supplier will commit to truth in advertising. The Supplier will provide gas supply and related services at advertised terms and conditions.
- 3) The Supplier will comply with all Company program rules and tariffs as they are contained in the Company's "Schedule of Rates Governing the Sale of Natural Gas Service".
- 4) The Supplier will provide accurate and sufficient customer service information. The Supplier will advise customers of the marketer's 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 have regular hours during which customers can make inquiries and complaints.
- 5) 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 will maintain verification records for 3 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.
- 6) 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, 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. If the complaint cannot be resolved, the Supplier will refer the customer to the Company, or if appropriate, to the Commission. The Supplier will appoint at least one employee to be a contact person between the Supplier and the Commission. The Supplier will cooperate with the Commission in trying 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.
- 7) The Supplier will retain pipeline capacity sufficient to meet its customer requirements.

Continued On Sheet No. G-10.00

Continued From Sheet No. G-9.00

#### G5. PROCEDURES FOR COMPLAINTS BETWEEN SUPPLIERS AND THE COMPANY

If the Company receives a verbal complaint from a Supplier related to the GCC 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:

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

SEMCO Energy Gas Company  
405 Water St  
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 business 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 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.
- 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 Commission.

Continued On Sheet No. G-11.00

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### GAS CUSTOMER CHOICE 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 Rule G1. A customer will take service under this rate commencing with the customer's first full billing month following enrollment, but not earlier than 60 days after the Commission's final order in Case No. U-13305.

Service is available to all non-residential customers plus a maximum of 78,000 residential customers beginning not earlier than 60 days after Commission's final order in Case No. U-13305, 117,000 residential customers beginning April 1, 2003. Beginning April 1, 2004, all customers are eligible without limit.

A 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 beginning April 1 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 60 days, without incurring 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 Rule B5.1, Rate Schedules, provisions of those sales rates and except as otherwise provided, must remain on the sales rate for 12 months.

#### Minimum Term

Subject to the following provisions of this paragraph, a customer who has elected to take service under Rate CC shall not be permitted to change from Rate CC to another rate until at least 12 months have elapsed. A customer who has elected to take service under Rate CC may, however, switch Suppliers during the 12-month period. During the 12-month period, a customer may only change from Rate CC to another rate if:

- A. a residential customer exercises an unconditional right of cancellation pursuant to Section G with the initial Supplier selected by the customer,
- B. the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- C. the Supplier's action forces the customer to the Company's sales service,
- D. the Supplier selected by the customer defaults under its Supplier Agreement, or
- E. the Supplier selected by the customer has its Authorized Supplier status revoked or terminated.

Continued On Sheet No. G-12.00

Continued From Sheet No. G-11.00

**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, other authorized charges or surcharges, penalties and taxes. The authorized Supplier's Gas Commodity Charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Schedule of Rates Governing the Sale of 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.

A Rate CC customer's return to sales service is subject to Rule B3, Controlled Service.

**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 per \$0.3028 Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

**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 B3, 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 gas 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.

Continued On Sheet No. G-13.00

Continued From Sheet No. G-12.00

**General Terms and Surcharges**

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

**Minimum Charge**

The minimum charge shall be the customer charge included in the rate.

**Due Date and Late Payment Charge**

The due date of a residential customer's bill shall be 17 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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SEMCO ENERGY GAS COMPANY - M.P.S.C. DIVISION  
Canceling Original Sheet No. F-1.00

First Revised Sheet No. F-1.00

**SECTION F**

**TRANSPORTATION SERVICE AND AGGREGATED TRANSPORTATION SERVICE**

**SURCHARGES**

Transportation Service (TR-1, TR-2, TR-3):.....\$ 0.0000 Per Dth

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**SECTION F  
RULES AND REGULATIONS  
FOR TRANSPORTATION SERVICE AND AGGREGATED 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 Section B 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.

"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.

Continued On Sheet No. F-3.00

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Continued From Sheet No. F-2.00

"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.

"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.

"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.

Continued On Sheet No. F- 4.00

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Continued From Sheet No. F-3.00

"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.

"Heating Value Measurement Charge" shall mean a charge for any device installed by the Company to measure the heat content of gas delivered 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.

Continued On Sheet No. F- 5.00

Continued From Sheet No. F-5.00

"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).

F3. 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.

Continued On Sheet No. F-7.00

Continued From Sheet No. F-7.00

**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.

**F5. 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.

Continued On Sheet No. F-9.00

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Continued From Sheet No. F-8.00

- 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.

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Continued From Sheet No. F-9.00

**F6. 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 F5, Transportation Standards of Conduct, the Company will attempt to resolve the complaint on an informal basis, the procedures outlined below will be followed:

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

SEMCO Energy Gas Company  
405 Water St  
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.

M.P.S.C. No. 1-Gas  
SEMCO ENERGY GAS COMPANY - M.P.S.C. DIVISION  
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