

**SECTION C  
RULES AND REGULATIONS FOR RESIDENTIAL CUSTOMERS  
RESIDENTIAL STANDARDS AND BILLING PRACTICES**

Please refer to the “Documents Library” section of the Michigan Public Service Commission web site at:

<http://www.michigan.gov/mpsc>

Or, directly access the Consumer Standards and Billing Practices For Electric and Gas Residential Service rules (R 460.2101 – 460.2199) at:

[http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin\\_Num=46000101&Dpt=LG&RngHigh=](http://www.state.mi.us/orr/emi/admincode.asp?AdminCode=Single&Admin_Num=46000101&Dpt=LG&RngHigh=)

Michigan Public Service  
Commission

**December 12, 2007**

Filed 

Issued: December 7, 2007  
By J F Schott  
VP Regulatory Affairs  
Green Bay, Wisconsin

Effective for Service  
On and After: November 1, 2007  
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Dated: October 26, 2007  
In Case No: U-14851

First Revised Sheet No. C-3.00  
First Revised Sheet No. C-4.00  
First Revised Sheet No. C-5.00  
First Revised Sheet No. C-6.00  
First Revised Sheet No. C-7.00  
First Revised Sheet No. C-8.00  
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First Revised Sheet No. C-46.00  
First Revised Sheet No. C-47.00  
First Revised Sheet No. C-48.00  
First Revised Sheet No. C-49.00  
First Revised Sheet No. C-50.00

These sheets have been cancelled and are reserved for future use.

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**SECTION D  
RULES AND REGULATIONS FOR NON-RESIDENTIAL CUSTOMERS**

**D1. BILLING PRACTICES APPLICABLE TO COMMERCIAL AND INDUSTRIAL GAS CUSTOMERS**

**D1.1 R 460.2071 Applicability; Purpose.**

**Rule 1**

- (a) These Rules apply to gas companies which operate within the State of Michigan under the jurisdiction of the Commission and which sell or transport gas to retail customers.
- (b) These Rules are intended to provide standards for uniform and reasonable practices by utilities in dealing with commercial and industrial customers.

**D1.2 R 460.2072 Definitions.**

**Rule 2**

As used in these Rules:

- (a) "Billing error" means an undercharge or overcharge caused by the use of an incorrect actual meter read, incorrect pressure factor, incorrect calculation of the applicable rate, or other similar act or omission by the utility in determining the proper amount of a customer's bill. A bill based on an estimated meter read or a customer read does not constitute a billing error.
- (b) "Commission" means the Michigan Public Service Commission.
- (c) "Customer" means any person, firm, association, corporation, or government agency that is supplied with gas service by a utility for commercial and industrial purposes, including service to schools and centrally metered apartment buildings.
- (d) "Meter" means a device that measures the quantity of gas used by a customer, including a device that measures the heat content of gas.
- (e) "Utility" means a gas distribution company that operates under the jurisdiction of the Commission and sells or transports gas to retail customers.

**D1.3 R 460.2073 Rescission.**

**Rule 3**

R 460.915, R 460.917, R 460.918, and R 460.921 to R 460.925 of the Michigan Administrative Code, appearing on pages 4742 to 4744 of the 1979 Michigan Administrative Code, are rescinded.

Continued on Sheet No. D-2.00

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Continued From Sheet No. D-1.00

**D1.4 R 460.2074 Selection of Rate.**

**Rule 4**

The utility shall assist the customer or prospective customer in selecting the most economical rate schedule based on information supplied by the customer; however, selection of the appropriate rate is the responsibility of the customer. Once the selection is made, the customer shall stay on that rate not less than 12 months unless the customer demonstrates that an earlier change is requested for a permanent rather than a temporary or seasonal advantage.

**D1.5 R 460.2075 Meter Reading Interval.**

**Rule 5**

The utility shall schedule customer meters to be read monthly, except that authority may be obtained from the Commission for reading the meters at other than monthly intervals. To the extent practicable, utilities shall not send a customer 2 successive estimated bills. The utility may permit a customer to supply meter readings on a form furnished by the utility if an employee of the utility reads the meter at least once each 12 months.

**D1.6 R 460.2076 Cycle Billing.**

**Rule 6**

A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing month. If a utility changes meter reading routes or schedules, billing cycles may be altered upon 10 days' written notice to the affected customer.

**D1.7 R 460.2077 Billing Information.**

**Rule 7**

The utility shall bill each customer promptly after reading the meter. The bill shall show all of the following information:

- (a) The beginning and ending meter readings of the billing period and the dates thereof.
- (b) The due date.
- (c) The number of units metered.
- (d) The actual rates charged.
- (e) The amount due.
- (f) A distinct marking to identify an estimated bill.
- (g) The address and telephone number of the utility designating where the customer may initiate an inquiry or complaint regarding the bill as rendered or the service provided by the utility.

Continued on Sheet No. D-3.00

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**D1.8 R 460.2078 Discounts and Delayed Payment Charges.**

**Rule 8**

Where provided in an approved rate schedule, a utility may grant a discount for prompt payment of a bill or may make a delayed payment charge for failure to make prompt payment. A delayed payment charge shall be applied to the unpaid balance outstanding, net of taxes, if the bill is not paid in full on or before the date on which the bill is due.

**D1.9 R 460.2079 Delivery and Payment of Bills.**

**Rule 9**

A bill shall be mailed or delivered to the customer not less than 21 days before the due date. Failure to receive a bill properly mailed or delivered by the utility does not extend the due date. If the day on which the bill is due falls on Saturday, Sunday or a holiday, the bill shall be due on the next business day. Customers who mail remittances before midnight on the due date shall be considered to have timely paid. In the case of an illegible postmark, the date of mailing shall be considered to be 2 days before receipt by the utility.

**D1.10 R 460.2080 Special Services.**

**Rule 10**

A utility may include charges for special services together with charges for utility service on the same monthly bill if the charges for special services are designated clearly and separately from the utility service account. If partial payment is made, and if no designation of the payment is given by the customer, the utility shall first credit all payments to the balance outstanding for utility service.

**D1.11 R 460.2081 Billing Errors.**

**Rule 11**

(a) If a customer has been overcharged, the amount of the overcharge shall be refunded or credited to the customer. The refund or credit shall include interest computed at the same rate as that provided for in the utility's standard refund policy. The application of interest shall commence on the sixtieth day following the overcharge. A utility is not required to adjust, refund, or credit an overcharge beyond the 3-year period immediately preceding discovery of the billing error, unless the customer is able to present a record establishing an earlier date of occurrence or commencement of the error.

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**D1.11 R 460.2081 Billing Errors. (Contd)**

- (b) In cases of meter tampering or fraud, the customer may be backbilled for the amount of the undercharge. The backbill may include interest at the same rate as that provided for in the utility's standard refund policy.
- (c) In cases not involving meter tampering or fraud, the customer may be backbilled for the amount of the undercharge during the 12-month period immediately preceding discovery of the error. The utility shall offer the customer reasonable payment arrangements for the amount of the backbill, taking into account the period of the undercharge. The backbill shall not include interest.

**D1.12 R 460.2082 Customer Complaints; Investigation; Records.**

**Rule 12**

The utility shall promptly and thoroughly investigate customer complaints concerning the charges, practices, facilities, or services of the utility. The utility shall keep records of customer complaints that will enable the utility to review and analyze its procedures and actions.

**D1.13 R 460.2083 Customer Deposits.**

**Rule 13**

- (a) A utility may require a deposit from a new customer if service will be rendered for less than 12 months, the customer has an existing bad debt with any company regulated by the Commission, or the customer has no established credit rating or an unfavorable credit rating with a credit reporting agency.
- (b) A utility may, with proper notification, require a deposit from a new customer if the customer exhibits an unsatisfactory record of bill payment within the first 6 months after service has commenced. Payment of bills on or before the due date shall constitute a satisfactory record of bill payment.
- (c) An existing customer shall be classified as one who has received service for more than a 6-month period. A utility may require a deposit from an existing customer if 2 or more final disconnect notices have been issued within the most recent 12-month period, service has been discontinued for nonpayment, or the customer has tampered with the meter or converted Company gas to the customer's use.
- (d) A deposit shall not exceed 25% of the customer's annual bill. The utility shall provide reasonable terms for the payment of the deposit.

Continued on Sheet No. D-5.00

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Continued From Sheet No. D-4.00

**D1.13 R 460.2083 Customer Deposits. (Contd)**

- (e) A deposit may be retained by the utility until the customer compiles a record of 12 continuous months of bill payment on or before the due date.
- (f) Interest shall be paid on deposits pursuant to the provisions of Act No. 347 of the Public Acts of 1921, as amended, being §460.651 et seq. of the Michigan Compiled Laws or as otherwise provided by law.

On July 15, 1988, Act No. 168 of Public Acts of 1988 amended Act No. 347. On July 19, 1988, MPSC Order No. U-9157 ordered that commencing June 17, 1988 gas utilities shall pay interest on guarantee deposits to commercial and industrial gas customers at a rate of 9% per annum.

- (g) If service is terminated, the utility may apply the deposit, plus accrued interest, to the customer's unpaid balance. If the deposit plus accrued interest exceeds the unpaid balance, the excess shall be returned to the customer.
- (h) Each utility shall keep records that show all of the following information:
  - (i) The name and address of each depositor.
  - (ii) The amount and date of the deposit.
  - (iii) Each transaction concerning the deposit.
- (i) Each utility shall issue a receipt of deposit to each customer from whom a deposit is received and shall provide means whereby a depositor may establish a claim if the receipt is lost.
- (j) A record of each unclaimed deposit shall be maintained for not less than 3 years, during which time the utility shall make a reasonable effort to return the deposit.
- (k) Each utility shall, within 60 days of the effective date of this Rule, send to all existing customers a notice explaining the conditions under which a deposit may be required. This notice shall also be provided to new customers within 30 days after service has commenced or, at the utility's option, with the first bill rendered.

**D1.14 R 460.2084 Discontinuation, Termination or Denial of Service.**

**Rule 14**

- (a) Service to customers may be discontinued for nonpayment of a delinquent account for gas service or for failure of the customer to provide the utility with a deposit as authorized in R 460.2083. Service shall not be discontinued for failure to pay for merchandise or nonutility service purchased from the utility. In the event of discontinuation or termination of service at a separate commercial or industrial metering point or location, a utility may transfer any unpaid balance to any other commercial or industrial service account of the customer.

Continued on Sheet No. D-6.00

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Continued From Sheet No. D-5.00

**D1.14 R 460.2084 Discontinuation, Termination or Denial of Service. (Contd)**

- (b) The utility shall give the customer written notice that the customer has 10 days to settle the account or provide the required deposit or service will be discontinued at the end of the 10-day period.
- (c) At least 1 day before a schedule discontinuation of service, an attempt shall be made to contact the customer by telephone or in person. If contact is not made, a notice shall be left at the premises in a conspicuous location indicating that service may be disconnected the next business day if the bill or deposit is not paid.
- (d) Service shall not be discontinued on a day, or a day immediately preceding a day, when the utility does not provide for receiving payments and restoring service.
- (e) Service to centrally metered apartment buildings shall not be discontinued unless the provisions of R 460.2161(1)(D) have been complied with.
- (f) Service may be denied or discontinued for nonpayment of unpaid balances of any other commercial or industrial account incurred by the customer under a different account name, by the customer's predecessor in interest, or by any other entity, the debt of which the customer is legally obligated to assume.

**D1.15 R 460.2085 Settlement Agreement.**

**Rule 15**

- (a) If the utility and the customer arrive at a mutually satisfactory settlement of any claim in dispute or the customer does not dispute liability to the utility but claims inability to pay the outstanding bill in full, a utility shall offer the customer an opportunity to enter into a settlement agreement.
- (b) A settlement agreement shall be in writing and signed by representatives of the customer and the utility who are authorized to enter into the agreement. The original settlement agreement shall be maintained on file by the utility for 2 years.
- (c) Every settlement agreement entered into due to the customer's inability to pay the outstanding bill in full shall provide that service will not be discontinued if the customer pays a reasonable amount of the outstanding bill and agrees to pay a reasonable portion of the remaining outstanding balance in installments until the bill is paid.

Continued on Sheet No. D-7.00

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Continued From Sheet No. D-6.00

**D1.16 R 460.2086 Default of Settlement Agreement.**

**Rule 16**

- (a) If a customer fails to comply with the terms and conditions of a settlement agreement, a utility may discontinue service after notifying the customer, in writing, by personal service or first-class mail, of all of the following:
- (i) That the customer is in default of the settlement agreement.
  - (ii) The nature of the default.
  - (iii) That unless full payment of the claim is made within 10 days of mailing, the utility will discontinue service.
  - (iv) The date upon which service is scheduled to be discontinued.
- (b) A utility is not required to enter into any subsequent settlement agreement with a customer until the terms of any previous settlement agreement have been fully complied with.
- (c) A utility is not required to enter into any subsequent settlement agreement with a customer who defaults upon the terms and conditions of a previous agreement.
- (d) If a settlement agreement is reached following a notice of discontinuance, the failure of the customer to abide by the terms of the settlement agreement during the first 60 days after the agreement is made constitutes a waiver of the notice required by subrule (1) of this Rule. However, prior to discontinuance, a utility shall comply with the notice requirements of R 460.2084(3).

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**SECTION E  
RATE SCHEDULES**

**E1. GENERAL TERMS AND CONDITIONS OF THE TARIFF**

- (1) Controlled service.

All rates are subject to all provisions in Rule B3. of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

- (2) Territory served.

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

Continued on Sheet No. E2.00

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Continued from Sheet No. E-1.00

**E2. SUPPLEMENTAL CHARGES**

Each Rate Schedule may be subject to Rule B12, Customer Attachment Program, and Rule B7.3, Area Extension Program. No other surcharges are currently in effect.

Continued on Sheet No. E-3.00

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Continued from Sheet No. E-2.00

**E3. GAS COST RECOVERY FACTORS**

The listed monthly Gas Cost Recovery Factors are authorized pursuant to Rule B10, Gas Cost Recovery Clause.

Billing Month	Maximum Authorized Factor \$/Mcf	Actual Factor Billed \$/Mcf
April 2007	\$9.0385	\$8.8163
May 2007	\$9.0385	\$8.6200
June 2007	\$9.0385	\$8.23002
July 2007	\$9.0385	\$8.23002
August 2007	\$9.0385	\$7.7500
September 2007	\$9.0385	\$7.7500
October 2007	\$9.0385	\$6.7200
November 2007	\$9.0385	\$7.0000
December 2007	\$9.0385	\$7.0000
January 2008	\$9.0385	<b>\$7.0000</b>
February 2008	\$9.0385	
March 2008	\$9.0385	

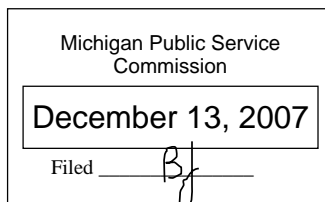
The Company will file a revised Sheet No. E-3.00 monthly or as necessary to reflect the factor to be billed the following month.

The Company will file by December 31, 2007 for maximum Gas Cost Recovery Factors for April 2008 through March 2009. The Gas Cost Recovery Factor to be charged beginning April 2008 is authorized pursuant to §6(h)(9) of 1982 PA 304, as amended, MCL 460.6h et seq.

In addition to the above Gas Cost Recovery Factors, rates are subject to the supplemental charges shown on Sheet No. E-2.00.

Continued on Sheet No. E-3.01

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**E3.1 GCR Ceiling Price Contingency Matrix**

	April-June 1st Qtr		July-Sept 2nd Qtr		Oct-Dec 3rd Qtr		Jan-Mar 4th Qtr		
	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	
Fractional Multi Fm	0.474	0.311	0.415	0.320	0.385	0.266	0.335	0.327	
Plan NYMEX (Xplan)	\$7.8891	\$9.1631	\$7.8891	\$9.1631	\$7.8891	\$9.1631	\$7.8891	\$9.3432	
Base GCR Factor		\$9.0385		\$9.0385		\$9.0385		\$9.0385	
NYMEX Increase									
Greater than or Equal to	But less than	Incremental Contingency GCR Factor (\$/Mcf)							
\$0.00	\$0.05	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.05	\$0.10	\$0.0237	\$0.0155	\$0.0208	\$0.0160	\$0.0192	\$0.0133	\$0.0168	\$0.0164
\$0.10	\$0.15	\$0.0474	\$0.0311	\$0.0415	\$0.0320	\$0.0385	\$0.0266	\$0.0335	\$0.0327
\$0.15	\$0.20	\$0.0711	\$0.0466	\$0.0623	\$0.0479	\$0.0577	\$0.0400	\$0.0503	\$0.0491
\$0.20	\$0.25	\$0.0948	\$0.0621	\$0.0831	\$0.0639	\$0.0769	\$0.0533	\$0.0670	\$0.0654
\$0.25	\$0.30	\$0.1185	\$0.0776	\$0.1039	\$0.0799	\$0.0961	\$0.0666	\$0.0838	\$0.0818
\$0.30	\$0.35	\$0.1422	\$0.0932	\$0.1246	\$0.0959	\$0.1154	\$0.0799	\$0.1005	\$0.0982
\$0.35	\$0.40	\$0.1659	\$0.1087	\$0.1454	\$0.1118	\$0.1346	\$0.0932	\$0.1173	\$0.1145
\$0.40	\$0.45	\$0.1896	\$0.1242	\$0.1662	\$0.1278	\$0.1538	\$0.1066	\$0.1341	\$0.1309
\$0.45	\$0.50	\$0.2133	\$0.1397	\$0.1869	\$0.1438	\$0.1731	\$0.1199	\$0.1508	\$0.1473
\$0.50	\$0.55	\$0.2370	\$0.1553	\$0.2077	\$0.1598	\$0.1923	\$0.1332	\$0.1676	\$0.1636
\$0.55	\$0.60	\$0.2607	\$0.1708	\$0.2285	\$0.1757	\$0.2115	\$0.1465	\$0.1843	\$0.1800
\$0.60	\$0.65	\$0.2844	\$0.1863	\$0.2493	\$0.1917	\$0.2307	\$0.1598	\$0.2011	\$0.1963
\$0.65	\$0.70	\$0.3081	\$0.2019	\$0.2700	\$0.2077	\$0.2500	\$0.1732	\$0.2179	\$0.2127
\$0.70	\$0.75	\$0.3318	\$0.2174	\$0.2908	\$0.2237	\$0.2692	\$0.1865	\$0.2346	\$0.2291
\$0.75	\$0.80	\$0.3555	\$0.2329	\$0.3116	\$0.2396	\$0.2884	\$0.1998	\$0.2514	\$0.2454
\$0.80	\$0.85	\$0.3792	\$0.2484	\$0.3324	\$0.2556	\$0.3077	\$0.2131	\$0.2681	\$0.2618
\$0.85	\$0.90	\$0.4029	\$0.2640	\$0.3531	\$0.2716	\$0.3269	\$0.2264	\$0.2849	\$0.2782
\$0.90	\$0.95	\$0.4266	\$0.2795	\$0.3739	\$0.2876	\$0.3461	\$0.2398	\$0.3016	\$0.2945
\$0.95	\$1.00	\$0.4503	\$0.2950	\$0.3947	\$0.3036	\$0.3653	\$0.2531	\$0.3184	\$0.3109
\$1.00	\$1.05	\$0.4740	\$0.3106	\$0.4154	\$0.3195	\$0.3846	\$0.2664	\$0.3352	\$0.3272
\$1.05	\$1.10	\$0.4977	\$0.3261	\$0.4362	\$0.3355	\$0.4038	\$0.2797	\$0.3519	\$0.3436
\$1.10	\$1.15	\$0.5214	\$0.3416	\$0.4570	\$0.3515	\$0.4230	\$0.2930	\$0.3687	\$0.3600
\$1.15	\$1.20	\$0.5451	\$0.3571	\$0.4778	\$0.3675	\$0.4423	\$0.3064	\$0.3854	\$0.3763
\$1.20	\$1.25	\$0.5688	\$0.3727	\$0.4985	\$0.3834	\$0.4615	\$0.3197	\$0.4022	\$0.3927
\$1.25	\$1.30	\$0.5925	\$0.3882	\$0.5193	\$0.3994	\$0.4807	\$0.3330	\$0.4189	\$0.4091
\$1.30	\$1.35	\$0.6162	\$0.4037	\$0.5401	\$0.4154	\$0.4999	\$0.3463	\$0.4357	\$0.4254
\$1.35	\$1.40	\$0.6399	\$0.4192	\$0.5608	\$0.4314	\$0.5192	\$0.3596	\$0.4525	\$0.4418
\$1.40	\$1.45	\$0.6636	\$0.4348	\$0.5816	\$0.4473	\$0.5384	\$0.3729	\$0.4692	\$0.4581
\$1.45	\$1.50	\$0.6873	\$0.4503	\$0.6024	\$0.4633	\$0.5576	\$0.3863	\$0.4860	\$0.4745
\$1.50	\$1.55	\$0.7110	\$0.4658	\$0.6232	\$0.4793	\$0.5769	\$0.3996	\$0.5027	\$0.4909
\$1.55	\$1.60	\$0.7347	\$0.4814	\$0.6439	\$0.4953	\$0.5961	\$0.4129	\$0.5195	\$0.5072
\$1.60	\$1.65	\$0.7584	\$0.4969	\$0.6647	\$0.5112	\$0.6153	\$0.4262	\$0.5363	\$0.5236
\$1.65	\$1.70	\$0.7821	\$0.5124	\$0.6855	\$0.5272	\$0.6345	\$0.4395	\$0.5530	\$0.5399
\$1.70	\$1.75	\$0.8058	\$0.5279	\$0.7063	\$0.5432	\$0.6538	\$0.4529	\$0.5698	\$0.5563
\$1.75	\$1.80	\$0.8295	\$0.5435	\$0.7270	\$0.5592	\$0.6730	\$0.4662	\$0.5865	\$0.5727
\$1.80	\$1.85	\$0.8532	\$0.5590	\$0.7478	\$0.5751	\$0.6922	\$0.4795	\$0.6033	\$0.5890
\$1.85	\$1.90	\$0.8769	\$0.5745	\$0.7686	\$0.5911	\$0.7115	\$0.4928	\$0.6200	\$0.6054
\$1.90	\$1.95	\$0.9006	\$0.5900	\$0.7893	\$0.6071	\$0.7307	\$0.5061	\$0.6368	\$0.6218

Continued on Sheet No. E-3.02

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Continued from Sheet No. E-3.01

**E3.1 GCR Ceiling Price Contingency Matrix (Contd)**

	April-June 1st Qtr		July-Sept 2nd Qtr		Oct-Dec 3rd Qtr		Jan-Mar 4th Qtr		
	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	Summer April- Oct	Winter Nov- Mar	
Fractional Multi Fm	0.474	0.311	0.415	0.320	0.385	0.266	0.335	0.327	
Plan NYMEX (Xplan)	\$7.8891	\$9.1631	\$7.8891	\$9.1631	\$7.8891	\$9.1631	\$7.8891	\$9.3432	
Base GCR Factor		\$9.0385		\$9.0385		\$9.0385		\$9.0385	
<b>NYMEX Increase</b>									
Greater than or Equal to	But less than	Incremental Contingency GCR Factor (\$/Mcf)							
\$1.95	\$2.00	\$0.9243	\$0.6056	\$0.8101	\$0.6231	\$0.7499	\$0.5195	\$0.6536	\$0.6381
\$2.00	\$2.05	\$0.9480	\$0.6211	\$0.8309	\$0.6391	\$0.7691	\$0.5328	\$0.6703	\$0.6545
\$2.05	\$2.10	\$0.9717	\$0.6366	\$0.8517	\$0.6550	\$0.7884	\$0.5461	\$0.6871	\$0.6708
\$2.10	\$2.15	\$0.9954	\$0.6522	\$0.8724	\$0.6710	\$0.8076	\$0.5594	\$0.7038	\$0.6872
\$2.15	\$2.20	\$1.0191	\$0.6677	\$0.8932	\$0.6870	\$0.8268	\$0.5727	\$0.7206	\$0.7036
\$2.20	\$2.25	\$1.0428	\$0.6832	\$0.9140	\$0.7030	\$0.8461	\$0.5861	\$0.7373	\$0.7199
\$2.25	\$2.30	\$1.0665	\$0.6987	\$0.9347	\$0.7189	\$0.8653	\$0.5994	\$0.7541	\$0.7363
\$2.30	\$2.35	\$1.0902	\$0.7143	\$0.9555	\$0.7349	\$0.8845	\$0.6127	\$0.7709	\$0.7527
\$2.35	\$2.40	\$1.1139	\$0.7298	\$0.9763	\$0.7509	\$0.9037	\$0.6260	\$0.7876	\$0.7690
\$2.40	\$2.45	\$1.1376	\$0.7453	\$0.9971	\$0.7669	\$0.9230	\$0.6393	\$0.8044	\$0.7854
\$2.45	\$2.50	\$1.1613	\$0.7608	\$1.0178	\$0.7828	\$0.9422	\$0.6527	\$0.8211	\$0.8017
\$2.50	\$2.55	\$1.1850	\$0.7764	\$1.0386	\$0.7988	\$0.9614	\$0.6660	\$0.8379	\$0.8181
\$2.55	\$2.60	\$1.2087	\$0.7919	\$1.0594	\$0.8148	\$0.9807	\$0.6793	\$0.8546	\$0.8345
\$2.60	\$2.65	\$1.2324	\$0.8074	\$1.0801	\$0.8308	\$0.9999	\$0.6926	\$0.8714	\$0.8508
\$2.65	\$2.70	\$1.2561	\$0.8230	\$1.1009	\$0.8467	\$1.0191	\$0.7059	\$0.8882	\$0.8672
\$2.70	\$2.75	\$1.2798	\$0.8385	\$1.1217	\$0.8627	\$1.0383	\$0.7193	\$0.9049	\$0.8835
\$2.75	\$2.80	\$1.3035	\$0.8540	\$1.1425	\$0.8787	\$1.0576	\$0.7326	\$0.9217	\$0.8999
\$2.80	\$2.85	\$1.3272	\$0.8695	\$1.1632	\$0.8947	\$1.0768	\$0.7459	\$0.9384	\$0.9163
\$2.85	\$2.90	\$1.3509	\$0.8851	\$1.1840	\$0.9107	\$1.0960	\$0.7592	\$0.9552	\$0.9326
\$2.90	\$2.95	\$1.3746	\$0.9006	\$1.2048	\$0.9266	\$1.1153	\$0.7725	\$0.9720	\$0.9490
\$2.95	\$3.00	\$1.3983	\$0.9161	\$1.2256	\$0.9426	\$1.1345	\$0.7859	\$0.9887	\$0.9654

**NYMEX Increase = (X – Xplan)**

**X** = the simple average of the actual NYMEX monthly natural gas futures contract prices, (\$/MMBtu), for the entire summer (Apr-Oct), closing prices should be used for summer months that are no longer trading, and remaining winter (Nov-Mar) months of the GCR period, (averaged over the first five trading days of the month prior to implementation).

**Xplan** = the NYMEX average summer and winter strips incorporated in the calculation of the base GCR factor, as delineated in the above chart.

At least fifteen days before the beginning of each quarter, the company shall file with the Michigan Public Service Commission an updated Tariff Sheet No. E-3.00, if NYMEX futures prices increase to a level allowing for the implementation of a higher contingent GCR price ceiling. The information filing shall include all supporting documents necessary to verify the new price ceiling, including a copy of the calculation of the five-day average of the NYMEX strip for the remaining months of the GCR period, and a copy of the NYMEX futures prices sheets for the first five trading days of the month, such sheets being an authoritative source used by the gas industry. The filing shall be incorporated into the GCR Plan Docket U-15040 with notice of filing provided to all interveners.

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This sheet has been cancelled and is reserved for future use.

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Continued from Sheet No. E-3.03

**E4. RESIDENTIAL RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

**DEFINITIONS**

Facilities associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution will be provided service by Michigan Gas Utilities under the General Service Rate.

If the facilities described above are combined with a residential facility, only the General Service Rate will be allowed. The Residential Rate will not be available in this instance.

If a customer is receiving service under the Residential Rate and it is determined that the facility is associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service, the Company reserves the right to change the rate classification to the General Service Rate.

Prior to making a rate classification change, the Company will endeavor to make a physical inspection of the facility to verify those findings that resulted in the need for a rate classification change. A service order will be issued by Michigan Gas Utilities.

Rate classification changes will be made by Michigan Gas Utilities, and the customer will be notified by means of a letter. The Company will not make any adjustments to the customer's previous billings for service received under the incorrect rate.

Continued on Sheet No. E-5.00

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Continued From Sheet No. E-4.00

**E4. RESIDENTIAL RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge

\$8.00 per customer per month plus

Distribution Charge

\$1.5257 per Mcf

Gas Cost Charge

The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge

A charge of \$45.00 payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery

This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be **21** days following the date of mailing.

Continued on Sheet No. E-6.00

Issued: December 7, 2007  
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Green Bay, Wisconsin

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In Case No: U-14851

Continued From Sheet No. E-5.00

**E4. RESIDENTIAL RATE - (General and Heating) (Contd)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

Continued on Sheet No. E-7.00

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Continued from Sheet No. E-6.00

**E5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Standard Rules and Regulations of the Company, service is available under this rate schedule to any of the Company's existing multiple family dwelling customers as of January 5, 1978, for any centrally metered installations containing individual households for residential service. This rate is not available for commercial or industrial service, including swimming pool heater usage.

Any swimming pool heater usage or other commercial type usage shall be Company submetered or separately metered in order for the customer to remain on this rate schedule. The Company shall furnish the required meter and install it at the customer's expense.

**DEFINITIONS**

As used in this rate schedule, "residential service" means service to any multiple family dwelling customer for purposes of space heating and other domestic uses. A multiple family dwelling includes such living facilities as, for example, cooperatives, condominiums and apartments; provided, however, in order to qualify for this service, each household within such multiple family dwelling must have the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institution, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution; these facilities will be provided service under either the Optional Rate or the General Service Rate.

Continued on Sheet No. E-8.00

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In Case No: U-14657

Continued From Sheet No. E-7.00

**E5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge: (See Sheet No. E-10.00 for meter classifications.)

Meter Class I	\$ 8.00 per customer per month
Meter Class II	\$ 20.00 per customer per month
Meter Class III	\$ 60.00 per customer per month
Meter Class IV	\$100.00 per customer per month
plus	

Distribution Charge  
\$0.9715 per Mcf plus

Gas Cost Charge  
The monthly gas cost charge as set forth on  
Sheet No. E-3.00.

Supplemental Charges  
This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge  
A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery  
This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

Late Payment Charge and Due Date  
A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. E-9.00

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Continued From Sheet No. E-8.00

**E5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

Continued on Sheet No. E-10.00

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Continued From Sheet No. E-9.00

**E5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**SPECIAL PROVISIONS**

The Consumer Standards and Billing Practices are not applicable to service under this rate schedule (Case No. U-4240).

**METER CLASSIFICATIONS**

For application of the Monthly Customer Charge under this rate schedule, the Company's gas meters are designated in one of the following classifications:

<u>Meter Class I</u> (Less than 400 CFH)	<u>Meter Class II</u> (400-1000 CFH)	<u>Meter Class III</u> (Over 1000 CFH) (without pressure or temperature correcting devices)	<u>Meter Class IV</u> (Over 1,000 CFH) (with pressure or temperature correcting devices)
American AL-175-TC	Sprague 1000-TC	Rockwell 3000-TC	Rockwell 3000-TC
American 225-TC	American 425-TC	Rockwell 5000-TC	Rockwell 5000-TC
American AL-250-TC	American 1000-TC	Roots 1.5M TC	Roots 1.5M-TC
Rockwell 175-TC	Rockwell 415-TC	Roots 3M	Roots 3M
Rockwell 250-TC	Rockwell 750-TC	Roots 3M TC	Roots 3M TC
Rockwell 200-TC	Rockwell 1000-TC	Roots 5M	Roots 5M
Sprague 175-TC	Rockwell 1600-TC	Roots 5M TC	Roots 5M TC
Rockwell 275-TC		Roots 7M	Roots 7M
		Roots 7M TC	Roots 7M TC
		Roots 11M	Roots 11M
		Roots 16M	Roots 16M
		Roots 23M	Roots 23M
		Roots 38M	Roots 38M
		Rockwell T-18	Rockwell T-18
		Rockwell T-30	Rockwell T-30
		Rockwell T-60	Rockwell T-60
		Rockwell T-140	Rockwell T-140

Continued on Sheet No. E-11.00

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Continued from Sheet No. E-10.00

**E6. SMALL GENERAL SERVICE RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge

\$20.00 per customer per month plus

Distribution Charge

\$1.2460 per Mcf

Gas Cost Charge

The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge

A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery

This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

Delayed Payment Charge and Due Date

A delayed payment charge of 2%, shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. E-12.00

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Continued From Sheet No. E-11.00

**E6. SMALL GENERAL SERVICE RATE - (General and Heating) (Contd)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Services under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

Continued on Sheet No. E-13.00

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Continued from Sheet No. E-12.00

**E7. LARGE GENERAL SERVICE RATE - (General and Heating)**

**AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

**RATE**

Customer Charge  
\$300.00 per customer per month plus

Distribution Charge  
\$0.9288 per Mcf plus

Gas Cost Charge  
The monthly gas cost charge as set forth on Sheet No. E-3.00.

Supplemental Charges:  
This rate is subject to the Supplemental Charges set forth on Sheet No. E-2.00.

Seasonal Service Charge  
A charge of \$45.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Gas Cost Recovery  
This rate is subject to Gas Cost Recovery charges pursuant to Rule B10.

Delayed Payment Charge and Due Date  
A delayed payment charge of 2% shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. E-14.00

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Continued From Sheet No. E-13.00

**E7. LARGE GENERAL SERVICE RATE - (General and Heating) (Contd)**

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule B3.7.

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Services under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

Continued to Sheet No. E-15.00

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Continued from Sheet No. E-14.00

## **E8. GAS LIGHTING RATE**

### **AVAILABILITY**

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

### **RATE**

Residential - Current Residential Commodity Charge (Gas Cost & Distribution Charge) per Mcf times the input rating of the light.

Commercial - Current Small General Service Commodity Charge (Gas Cost & Distribution Charge) per Mcf times the input rating of the light.

Street Lights - (In accordance with the terms of the service agreement.)

### **RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company plus the following condition:

No additional gas burning devices may be attached to the service connection for light(s) served under this rate.

### **SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased special tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

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In Case No: U-14657

**SECTION F  
GAS TRANSPORTATION**

**F1. GAS TRANSPORTATION SERVICE RULES**

**F1.1 General provisions and definitions.**

- (a) "Gas" means natural gas, manufactured gas, or a combination of the two.
- (b) "Alternate-fuel capability" means the ability to actually utilize a fuel other than gas, in place of gas.
- (c) "Nominations" means the process by which the customer notifies the Company of expected transportation quantities.
- (d) "Day" means a period of 24 consecutive hours (23 hours when changing from standard to daylight time and 25 hours when changing back to standard time) beginning at 8:00 a.m. eastern time or at such other time as may be mutually agreed.
- (e) "Annual Contract Quantity" (ACQ) means a quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.
- (f) "Maximum Daily Quantity" (MDQ) means a quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's historical peak-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes. The MDQ is the greatest quantity of gas that the Company agrees to accept for transportation on the customer's behalf on any day.
- (g) "Average Daily Quantity" (ADQ) means a quantity of gas equal to the customer's contractual ACQ divided by 365.
- (h) "Month" means a period beginning at 8:00 a.m. Eastern time on the first day of a calendar month and ending at 8:00 a.m. Eastern time on the first day of the following calendar month.
- (i) "Broker" means an intermediary that arranges the purchase of gas from the producer and the sale of that gas to a Buyer.

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**F1.1 General provisions and definitions. (Contd)**

- (j) "Buyer" means the purchaser and ultimate user of gas and of all the services necessary to make gas available for usage.
- (k) "Customer" means an individual or business, excluding other gas utilities, that purchases gas or transportation services, or both, on the utility's system.
- (l) "Off-System Customer" means other utilities or pipelines and customers taking sales gas, or transportation, exchange, or storage service from the Company for a facility that is: (a) not located within the Company's franchised gas service territory; or (b) located within the Company's franchised service territory and directly connected to the Company's distribution system, but is also eligible for direct service from another pipeline system pursuant to a 1929 PA 69 Certificate.
- (m) "Total Heating Value Per Cubic Foot" means the number of British thermal units produced by the combustion, at constant pressure, of one cubic foot of gas, with air of the same pressure and temperature as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by the combustion is condensed to the liquid state.
- (n) "Balancing" means the reconciliation of differences in the amounts of gas received by the pipeline transporter(s) from the producer or Broker, by the Company from the pipeline transporter(s), and/or by the Buyer from the Company.
- (o) "Commingle" means to combine gas from different sources into a common, undifferentiated whole.
- (p) "Contract year" means a period of 12 consecutive months with the initial contract year beginning on the date provided for in the contract.
- (q) "Cubic foot of gas" means the volume of gas that occupies one cubic foot when the gas is at a temperature of sixty degrees Fahrenheit and at a pressure base of 14.65 psia dry.

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**F1.1 General provisions and definitions. (Contd)**

- (r) "Curtailed" means an interruption by the Company of the flow of gas to Buyer's facility.
- (s) "Dekatherm" means a thermal unit equal to 1,000,000 British thermal units.
- (t) "Delivery point" means any point on the Company's gas distribution system at which an interconnection exists with an interstate pipeline or other transporter to enable the Company to receive gas owned by the Buyer for redelivery to the Buyer's facility.
- (u) "Delivery" means the transfer of gas from an interstate pipeline or other transporter to the Company at a point of interconnection to the Company's distribution system.
- (v) "Mcf" means 1,000 cubic feet of gas.
- (w) "Peak day" means the reservation by the Buyer of access to the Company's system supply of gas at any time, including the 24-hour period of greatest gas sendout by the Company to system-supply customers during any year or other applicable period as established in the contract between the Company and the Buyer.
- (x) "Redelivery" means the transfer of gas from the Company to the Buyer at the meter at the Buyer's facility.
- (y) "System supply" means gas reserved or purchased directly by the Company from any source for resale to its filed tariff sales customer, approved special contract sales customers.
- (z) "Transportation" means the provision of capacity within the Company's gas distribution system together with associated services to move gas owned by the Buyer to the Buyer's facility, as contrasted with the direct sale of gas owned by the Company to a customer.

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**F1.1 General provisions and definitions. (Contd)**

- (aa) "Transporter(s)" means an interstate pipeline or other company that delivers gas owned by the Buyer to the Company for redelivery to the Buyer's facility.
- (ab) "Designated service rate" means the most economical sales rate under which the customer would be allowed to take firm or interruptible sales service.

**F1.2 Application of rules.**

Unless otherwise provided for within these transportation service rules or under Transportation Service Rates TR-1, TR-2 and TR-3 transportation rate customers are subject to all the rules and regulations contained within the Company's Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Gas. Customers taking service under transportation rules and rates shall be considered utility service customers of the Company.

**F1.3 Possession of gas.**

- (a) Responsibility For Gas.

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

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**F1.3 Possession of gas. (Contd)**

- (b) Indemnification of the Company.

In the absence of negligence, recklessness or willful misconduct on the part of the Company or the Company's directors, officers, employees or agents, the customer waives any and all claims against the Company, its officers, its employees or its agents, arising out of or in any way connected with: (a) the quality, use, or condition of the gas after redelivery from the Company's line for the account of the customer; (b) any losses or shrinkage of gas during or resulting from transportation; and (c) all other claims and demands arising out of the performance of the duties of the Company, its directors, its officers, its employees, or its agents.

**F1.4 Records, accounting and control.**

- (a) Mailing of notices, bills, and payments.

All notices, bills and payments required or permitted to be given in connection with transportation service shall be sent to the address specified in the customer's contract unless otherwise indicated therein; shall be in writing and shall be valid and sufficient if delivered in person or by first class mail, Western Union, or telex.

- (b) Nominations, accounting, and controls.

Requirements. Customers are required to have a nomination on file for each day of the month. (A single nomination shall be assumed to apply for each subsequent day of the month, unless otherwise indicated.) Customers requesting volumes to flow on the first day of any month must contact Company's Gas Control Department via Company's Internet-enabled electronic bulletin board, known as Gas Track Online (<http://www.gastrackonline.com>), and inform them of the volumes to be transported by receipt point(s) and delivery point(s). First of the month nominations and subsequent nomination changes via the Internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination changes for the 2<sup>nd</sup> through the end of a month will be accepted until 5:00 p.m. Central Time. A confirmed pipeline nomination will also be accepted on a best effort basis on the day of gas flow. The Company shall have the right, in its sole discretion, to reject or change any nomination that does not match the corresponding interstate pipeline nomination, or conflicts with the Operational Flow Orders (OFO) of the Company pursuant to Rule B4.2C on Sheet Nos. B-40.00 through B-43.00.

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**F1.4 Records, accounting, and control. (Contd)**

On GTO, the customer or designated representative is to input the delivery point on Michigan Gas Utilities system, the pipeline (shipper's) name and contract number, and the delivered volume of gas it desires the Company to receive on the customer's behalf during the month. The Company will also make Critical Day and other important operational notices that may affect nominations available via GTO. If circumstances arise whereby GTO is not available, the Company will use a paper-based nominations process until GTO is back on-line. The customer and the Company shall inform each other of any changes in anticipated deliveries immediately. Changes in monthly and daily nominations may be necessary to accommodate certain operating conditions such as the implementation of an Operational Flow Order (OFO) by the Company pursuant to Rule B4.2C on Sheet Nos. B-40.00 through B-43.00 and for monthly load balancing purposes as described on Sheet Nos. F-14.00 through F-17.00.

**F1.5 Gas quality.**

- (a) The quality of gas delivered to the Company shall meet the following requirements:
  - (i) Gas shall not contain more than three percent oxygen by volume;
  - (ii) Gas shall be commercially free from objectionable odors, solid or liquid matter, dust, gum or gum-forming constituents that might interfere with its merchantability or cause injury to or interference with proper operation of the lines, regulators, meters, or other appliances through which it flows;
  - (iii) Gas shall not contain more than 0.3 grain of hydrogen sulphide per 100 cubic feet;
  - (iv) Gas shall not contain more than twenty grains of total sulfur (including hydrogen sulfide and mercaptan sulfur) per 100 cubic feet;

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**F1.5 Gas quality. (Contd)**

- (v) Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
  - (vi) Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet; and
  - (vii) Gas shall not contain a nitrogen content in excess of three percent by volume.
- (b) Gas delivered to the Company shall have a total heating value per cubic foot of not less than 950 British thermal unit (BTUs) nor more than 1,100 BTUs.

**F1.6 Service requirements.**

- (a) Quantities
  - (i) The customer may deliver or cause to be delivered and the Company will accept quantities of gas up to the MDQ agreed to in the contract with the customer. Such deliveries shall be made to the Company at a location(s) agreed to by the Company and the customer where the Company's pipeline facilities are connected with: (a) the facilities where the gas is being produced; or (b) with other facilities through which the gas is being transported. Deliveries to the Company in excess of the agreed upon quantities shall be grounds for termination of the contract by the Company.
  - lii) Gas delivered to the Company shall be thermally evaluated at the point of receipt into the Company's system, and the Company will deliver to the customer gas with an equivalent British thermal unit (BTU) content based on: (a) the Company's calculated average BTU content; or (b) test results from a BTU sampler located at the point of redelivery to the customer.

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**F1.6 Service requirements. (Contd)**

(b) Pressure.

The Company shall not be required to alter its prevailing line pressure at the delivery point or at the redelivery point.

(c) Measurement.

(i) When delivered to the customer, all gas shall be measured by the Company. The accuracy of meters used for that purpose shall be evaluated and maintained in accordance with the Michigan Public Service Commission Technical Standards For Gas Service (Technical Standards R460.2301).

(ii) Adjustments for meter errors shall be in accordance with the applicable rule in the Technical Standards.

(d) Curtailment.

(i) A customer's curtailment rights and obligations are determined under the Company's Rule B4, Curtailment of gas service.

(ii) Curtailment of gas service, when necessary in the Company's opinion to balance gas requirements with gas supplied, shall be implemented under Rule B4, Curtailment of gas service.

(e) Limitation of Service.

The Company shall not be required to perform service under a transportation contract on behalf of any customer failing to comply with any and all terms of the customer's contract and the Company's transportation rules and rates. By mutual agreement between the customer and the Company, specific transportation contract language may vary from the terms and conditions of the tariff.

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**F1.7 Billing.**

(a) Billing.

The Company shall endeavor to render a transportation billing to the customer on or about the fifth day of each calendar month for service during the prior month. The Company will issue a separate billing for service under each of the customer's transportation contracts which will be due 10 days from the date it is rendered. The Company will make a thermal balance sheet available to each customer at the time of billing at the customer's request. Each party to a transportation contract shall have the right at all reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of the contract.

(b) Agency

- (i) If the Company and the customer agree and the customer's pipeline gas transporter has a provision for directly billing a customer for transportation fees, then the Company has the option to collect fees to be paid to the pipeline.
- (ii) If the Company and the customer agree, then the Company may serve as a customer's agent in its contracts for transportation by interstate pipelines or other transporters.

**F1.8 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.

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**F1.8 Transportation Standards of Conduct. (Contd)**

- (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.
- (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. A marketer may make a standing request for contemporaneous disclosure of 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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**F1.9 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, M.P.S.C. No. 6, Section D3.8, Transportation Standards of Conduct, 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:

Michigan Gas Utilities Corporation  
899 S. Telegraph Road  
Monroe, Michigan 48161  
Attention: Manager of Regulatory Services

- (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) (i) 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.
- (ii) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Michigan Public Service Commission.

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## **F2. TRANSPORTATION SERVICE AND RATES**

### **F2.1 AVAILABILITY.**

This service is available to any customer that could otherwise purchase gas under any of the Company's existing sales tariffs.

The customer must contract for delivery to a specific metering point(s) where the gas will be consumed. Gas transported under this rate may not be resold.

The Customer has agreed to provide a separate telephone line and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. The Customer has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Customer's premises. Upon request, the Company will make available to the Customer the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day.

The Company does not have the obligation to provide GCR sales service until 30 days after notification of the customer's intention to become a sales customer.

The Company makes no guarantee against, and assumes no liability for, interruptions caused by third parties, including marketers, producers, and pipelines.

### **F2.2 NATURE OF SERVICE.**

The Company will accept on a firm basis, gas delivered to it on behalf of a transportation customer. The Company will redeliver an amount of gas to the customer containing the equivalent British thermal unit (BTU) content of the gas delivered to the Company on behalf of the customer.

Bills will be rendered on a monthly basis.

Service will be rendered under the terms and conditions contained in this rate schedule and consistent with the Company's Rule D3 - GAS TRANSPORTATION SERVICE RULES.

### **F2.3 AGGREGATION OF ACCOUNTS OPTION.**

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

- (a) The customer must designate one of the facilities as the master account. The master account must be a Transportation Service account (TR-1, TR-2 or TR-3).
- (b) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer's agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.

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**F2. TRANSPORTATION SERVICE AND RATES (Contd)**

**F2.3 AGGREGATION OF ACCOUNTS OPTION. (Contd)**

- (c) The facility designated as the master account shall be subject to and billed under the provisions of its transportation tariff. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, except that each subsidiary account will pay the customer charge and distribution charge in effect for its designated sales or transportation rate rather than the customer charge and transportation charge in effect for the master account.

**F2.4 RATES AND CHARGES**

Monthly Charges:	Transportation Service Rate		
	TR-1	TR-2	TR-3
Administrative Charge	\$450.00 / contract	\$ 450.00 / contract	\$ 450.00 / contract
Customer Charge			
First Meter	\$300.00/ meter	\$1,600.00 / meter	\$2,300.00 / meter
Each Additional Meter	\$150.00 / meter	\$ 400.00 / meter	\$ 575.00 / meter
Remote Meter Reading Charge	\$120.00 / meter	\$ 120.00 / meter	\$ 120.00 / meter
Transportation Rates:			
Peak (November to March)	\$0.7499 per Mcf	\$0.4516 per Mcf	\$0.4263 per Mcf
Off-Peak (April to October)	\$0.5999 per Mcf	\$0.3016 per Mcf	\$0.2763 per Mcf

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (a) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (b) If the customer demands that heating value measurement equipment be installed.

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## **F2. TRANSPORTATION SERVICE AND RATES (Contd)**

### **F2.5 GAS COST RECOVERY.**

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule B10 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 6.

### **F2.6 SUPPLEMENTAL CHARGES.**

This rate may be subject to the Supplemental Charges set forth on Sheet No. E-2.00.

### **F2.7 GAS IN KIND.**

The Company shall retain 0.68% of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

### **F2.8 MONTHLY LOAD BALANCING.**

#### **MONTHLY IMBALANCES:**

As imbalances occur, the Company and the customer will attempt to correct them within the same month in which they occur. Failing such corrections, the Company will cash-out the imbalances as described below:

**ANNUAL CONTRACT QUANTITY (ACQ)** is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer's 36-month base period) plus adjustments for known or expected changes.

**AUTHORIZED TOLERANCE LEVEL (ATL)** is defined as 5% of the customer's ACQ. The Company is obligated to retain excess deliveries of gas on behalf of the customer up to its ATL, without additional charge.

**EXCESS DELIVERIES** are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.

**ATL BALANCE** is defined as the cumulative balance of excess deliveries from month to month, up to the customer's ATL. The ATL balance may be carried forward from month to month without additional charge. The Company will inform the customer of its current ATL balance along with its monthly billing.

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**F2. TRANSPORTATION SERVICE AND RATES (Contd)**

**F2.8 MONTHLY LOAD BALANCING. (Contd)**

POSITIVE IMBALANCE is defined as the balance of excess deliveries of gas to the Company for the month which exceeds the customer's ATL.

NEGATIVE IMBALANCE is defined as the amount of gas redelivered to the customer in excess of the gas available to the customer during the month. The gas available to the customer during the month is the sum of its gas delivered to the Company, less gas in kind, plus any gas available from its ATL balance.

**CASH-OUT AT THE END OF THE MONTH:**

If the customer has a positive imbalance, then the Company will credit the customer's account for the purchase of the imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):

<b>% Monthly Nomination</b>	<b>Purchase At</b>
0 - 5%	Average of the Mich Con City Gate Index, for Large End-Users, as described below.
over 5%	Low price for the Mich Con City Gate Index, for Large End-Users, as described below.

If the customer has a negative imbalance, then the Company will charge the customer's account for imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):

<b>% Monthly Nomination</b>	<b>Charge At</b>
0 - 5%	Average of the Mich Con City Gate Index, for Large End-Users, as described below.
over 5%	High price for the Mich Con City Gate Index, for Large End-Users, as described below.

The index for monthly imbalances is that which appears daily under "Mich Con City Gate Index for large end users" in each Gas Daily during the month. If Gas Daily ceases publication of the index, then the Company will use a replacement index that is representative of Michigan Gas Utilities' market throughout the month, preferably daily. The company will provide prior notice to its customers and to MPSC Staff of a replacement index, and seek agreement from MPSC Staff for use of the replacement index.

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## **F2. TRANSPORTATION SERVICE AND RATES (Contd)**

### **F2.8 MONTHLY LOAD BALANCING. (Contd)**

The low price is defined as the lowest daily price that appears in any Gas Daily, that is dated within that month, under MichCon City Gate Index for large end users.

The high price is defined as the highest daily price that appears in any Gas Daily, that is dated within that month, under MichCon City Gate Index for large end users.

The average price is defined as the arithmetic average of all of the high and low daily prices that appear in all issues of Gas Daily that are dated within that month under MichCon City Gate index for large end users.

#### **IMBALANCE PAPER POOLING OPTIONS:**

Any customer or customer's agent that causes multiple deliveries at any receipt point to Michigan Gas Utilities may, for the purposes of monthly balancing, pool those deliveries together under one of two options:

#### **Option A – "Imbalance Trading"**

Deliveries under this option may be pooled, provided that each delivery into the pool is to a customer served solely from the same delivery point.

A customer or the customer's agent who elects Option A, "Imbalance Trading", may transfer a portion of their account balance to another customer, provided that the other customer has also chosen the "Imbalance Trading" option. The customer from whom the gas is transferred shall be charged a \$25.00 fee for each transaction/trade. Such transactions are strictly prospective and may not be used to avoid penalties once charged by the Company.

#### **Option B – "Pooling by Pipeline"**

Deliveries under this option may be pooled, provided that each delivery into the pool is to a customer or customers that utilize(s) a common Up-stream transportation provider. Customers or the customer's agent(s) who have selected the "Pooling By Pipeline" option may not participate in imbalance trading.

The customer, or an agent acting on the customer's behalf, may select one of these Pooling options for a month provided that it notifies the Company in writing at least ninety (90) days prior to the due date for nominations for the month of effective service. Such notifications must include a listing of the customers to be included in the pool. A customer decision to select one of these pooling options, as well as the allocation method, is binding for that entire month. These Pooling options do not excuse the customer from its obligations to make timely nominations. Customers may not include the pooling of Authorized Tolerance Levels within these Imbalance pooling options.

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## F2. TRANSPORTATION SERVICE AND RATES (Contd)

### F2.8 MONTHLY LOAD BALANCING. (Contd)

Deliveries are pooled together by adding the positive and negative imbalances for each customer in the pool. A fee of \$25.00 per month shall be imposed on each imbalance paper pool, with the fee billed to the marketer, broker, or aggregator that is designated as the pool's representative.

### F2.9 UNAUTHORIZED TAKES WHEN SERVICE IS INTERRUPTED OR CURTAILED

Penalties for unauthorized takes by a customer during a period of curtailment or interruption of gas service shall be assessed charges and cashed-out in accordance with the provisions of the Company's Rule B4.2 - CURTAILMENT OF GAS SERVICE.

### F2.10 AUTHORIZED TOLERANCE LEVEL RESTRICTIONS:

- (a) Monthly withdrawals from storage during February through April will be limited to 3% of the transportation customer's ACQ. Withdrawals in excess of that limit may be authorized but are subject to the Company's sole judgment and prior approval pursuant to appropriate terms and conditions. Without prior approval, if in any month the volume of gas received by the Company, less the allowance for gas-in-kind plus the 3% of the transportation customer's ACQ is less than the volume of gas taken by the customer at the point of delivery, then all excess ATL delivery volumes above the 3% threshold will be cashed out in accordance with the Negative Imbalance provisions "% Monthly Nomination Over 5%", at the high price for the MichCon City Gate Index.
- (b) Injections into storage during September and October will be limited to no more than 1.0% of ACQ without approval from the Company. Injections during the September and October period which exceed 1.0%, shall permit the Company to refuse to receive any additional volume of gas for that customer until the Company has satisfied itself that the volume of gas retained for the customer is less than the ATL. All volumes delivered in excess of the **1.0% of ACQ** level will be cashed-out in accordance with the Positive Imbalance provisions "% Monthly Nomination Over 5%", at the low price for the MichCon City Gate Index.
- (c) Daily nominations cannot exceed 125% of expected daily usage without approval of the Company. **Nominations that exceed the 125% limitation, shall be subjected to overrun charges and imbalance penalties, as imposed by the Interstate pipelines.**
- (d) For purposes of this provision (Subsections (a), (b) and (c) above), pooling will be allowed on a supplier-by-supplier basis at the city gate.

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**SECTION G  
CUSTOMER CHOICE (Rate CC)**

**GENERAL TERMS AND CONDITIONS OF THE TARIFF**

**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.

**Enrollment:**

- (a) Customers may elect to participate in the GCC program and Suppliers may solicit customer participation at any time.
- (b) 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) 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 Deposits:** 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.

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.

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- (e) **Supplier Pricing:** 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 Obligations:** 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. Prior to the closing bid day of futures trading for the month, the Company will issue a Daily Delivery Obligation (DDO). 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 Company. The DDO will generally be based upon the pooled customers' historical use for the prior year, adjusted for the prior year's weather. This schedule may be updated by the Company on a monthly basis. The Company reserves the right to take into consideration the Supplier's cumulative imbalance in determining each month's DDO. 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 GCC 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, Trunkline Gas Company, the MichCon index 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. (Failure Fees collected by the Company shall be reflected as a reduction to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.)

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) **Capacity Assignment:** The Company shall designate and/or assign sufficient pipeline capacity to meet the peak day requirements for each of a Supplier's customers, less deliveries from storage and/or balancing services, during the winter period of November through March delivered to points determined by the Company, at the Company's average cost. The Company shall designate and/or assign such capacity in a non-discriminatory

Continued on Sheet No. G-3.00

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manner. Assignment of capacity shall be reviewed by the Company on a monthly basis and shall be for a minimum period of thirty days. Capacity will follow the customer.

- (h) Gas delivered into the Company's system shall comply with Rule F1.5 Gas quality.
- (i) **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 11:30 AM Central time prior to the effective day of the proposed delivery.
- (j) **Customer Billing:** All customer billing and remittance processing functions for services provided under Rate CC will be performed by the Company. The Supplier will be charged a monthly fee of \$0.30 per customer account. The Company will be responsible for credit and collection activities for the amounts billed directly to the customer by the Company. The Supplier must, at least three business days 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 DDO's 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 DDO's issued by the Company to the Supplier, the Company shall allocate such gas excess to the lowest priced pools first, when making remittances.

- (k) **Buy/Sell:** 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 into 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 adjusted for any applicable Administrative Fees, Billing Fees, Failure Fees, amounts owed under the annual price reconciliation per Paragraph L below and/or other amounts owed to the Company pursuant to the Company's tariff.
- (l) **Annual Reconciliation:** Within 60 working days after the end of the June billing cycle, or upon revocation of a Supplier's Authorized Supplier status, the Company will determine if a reconciling adjustment is necessary, both price and volume will be reviewed.

The Company will compare:

- (i) the weighted average price per MCF billed the customer on behalf of the Supplier with the Company's actual weighted average cost of gas (WACOG), and
- (ii) the volumes delivered by the Supplier, converted to Mcf, with the billed customer consumption over the program year.

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A reconciling adjustment will only be made when:

- (i) the difference between the weighted average price per Mcf billed the customer on behalf of the Supplier and the Company's actual WACOG exceeds ten percent (10%) of the Company's actual WACOG, and
- (ii) the difference between the volumes delivered by the Supplier, converted to Mcf, and billed customer consumption exceeds ten percent (10%) of billed customer consumption.

The reconciling adjustment, if made, will be reflected on the next monthly remittance to the Supplier. (Amounts collected or remitted by the Company under the Annual Reconciliation mechanism shall be reflected as a component of the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.) The following table enumerates the various pricing and supply conditions that will be considered in the annual reconciliation process:

**Annual Reconciliation Pricing/Supply Conditions**

- |  |  |
|--|--|
| 1. Supplier's weighted average price billed is higher than the Company's actual WACOG and delivered volumes exceed billed customer consumption.  | 2. Supplier's weighted average price billed is less than the Company's actual WACOG and delivered volumes exceed billed customer consumption.  |
| 3. Supplier's weighted average price billed is higher than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. | 4. Supplier's weighted average price billed is less than the Company's actual WACOG and billed customer consumption exceeds delivered volumes. |

**Scenario #1:** Remittance to Supplier will be reduced for volumes delivered in excess of billed customer consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #2:** Remittance to Supplier will be increased for amounts delivered in excess of customer billed consumption at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #3:** Remittance to Supplier will be increased for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

**Scenario #4:** Remittance to Supplier will be reduced for amounts billed to customers in excess of the volumes delivered at the difference between the Company's actual WACOG and the Supplier's weighted average price.

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**Enrollment (Contd)**

- (m) A Supplier that fails to comply with the terms and conditions of the 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.
- (n) For purposes of reconciling amounts owed between the Company and a Supplier, the Company will convert customer consumption from Mcf to MMBtu using daily system-average Btu content by billing cycle.
- (o) 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.
- (p) The Company may disclose, at such times as requested by the Commission or its staff, the gas rates charged to Rate CC customers.
- (q) The Company shall have the authority to issue operational flow orders (OFO's), 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.
- (r) The Company will act as Supplier of last resort under the program.
- (s) A Supplier must include the Company's required tariff language in all of its contracts.
- (t) 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.
- (u) The Transportation Standards of Conduct, Rules F1.8 and F1.9, shall apply to the GCC program.
- (v) The annual load requirement, delivery schedules, delivery shortfalls, Failure Fees and annual reconciliations shall apply separately to each Supplier designated pricing category.

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**G2. RESIDENTIAL CUSTOMER PROTECTIONS**

- (1) 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.
- (2) 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.
- (3) 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.
- (4) A Supplier must use a font size of at least 12 point for its contract with a customer.
- (5) The following information must be included in the Supplier's contract with a customer:
  - (a) The Supplier's name
  - (b) The Supplier's address
  - (c) The Supplier's toll-free telephone number
  - (d) The Customer's cancellation rights
  - (e) Any customer fees or penalties related to the contract
  - (f) The contract pricing provisions in unit rates the customer is typically billed for
  - (g) The terms regarding contract length
  - (h) 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
  - (i) 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 Michigan Gas Utilities' 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)."**

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- (6) 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.
- (7) 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.
- (8) 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

- (1) For each customer, a Supplier must be able to demonstrate that a customer has made a knowing selection of the Supplier by at least one of the following verification records:
  - (a) An original signature
  - (b) Independent third party verification
  - (c) Voice recording
  - (d) An E-mail address if signed-up through the Internet
  - (e) 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.

- (2) Suppliers who are soliciting customers must:
  - (a) Clearly identify the Supplier on whose behalf they are soliciting
  - (b) Not represent themselves as an employee or agent of the Company
  - (c) 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
  - (d) Submit marketing materials to the Commission Staff for review at least five (5) business days prior to using the materials
- (3) A Supplier must provide a copy of the contract to the customer, including all terms and conditions. **The contract must contain all provisions as set forth in Section G2.(5). However, nonresidential customer contracts with a 12-month historical usage exceeding 200 Mcf, (including contracts containing aggregated volumes exceeding 200 Mcf), as determined by the Supplier, do not need to include a 30 day cancellation provision as provided in subsection (i) of paragraph G2.(5).**

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

- (1) A Supplier is required to register with the Michigan Public Service Commission and provide the following information prior to any solicitation:
  - (a) The name of the Supplier's company/corporation or owner's name and type of organization
  - (b) The Supplier's mailing address
  - (c) The Supplier's principal place of business address
  - (d) The name and address of the registered agent in Michigan and a working phone number during normal business hours
  - (e) The Supplier's toll-free number available for customer inquiries and concerns
  - (f) Prices and associated terms and conditions for commodity sales to residential customers updated on a monthly basis
  - (g) Name, address and phone number of person designated to receive and respond to Commission requests
  
- (2) As a condition of registration as a Supplier, a Supplier must agree to abide by a code of conduct that provides:
  - (a) 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.
  - (b) The Supplier will commit to truth in advertising. The Supplier will provide gas supply and related services at advertised terms and conditions.
  - (c) The Supplier will comply with all Company program rules and tariffs as they are contained in the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas".

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- (d) 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. Customer inquiries to a Supplier that are related to gas emergencies, such as gas leaks or outages, should be directed to the Company.
- (e) 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.
- (f) 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.
- (g) The Supplier will make payment directly to the Interstate pipeline and/or reimburse the Company for its portion of assigned firm primary capacity to meet its customers' peak day requirements, less deliveries from storage and/or balancing services, during the winter period of November through March delivered to points determined by the Company. Failure to make such payment to the Interstate pipeline and/or reimbursement to the Company shall result in the Supplier having its Authorized Supplier status revoked.

Continued on Sheet No. G-10.00

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**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:

- (1) Complainant will route all formal complaints in writing to:

Michigan Gas Utilities Corporation  
899 S. Telegraph Rd.  
Monroe, MI 48161  
Attention: Manager of Regulatory Services

- (2) The Company will acknowledge the receipt of the formal written complaint, in writing, within five business days of receipt by the Company.
- (3) The Company will confirm and amend the prepared written statement of the complainant to ensure the complaint includes the name of the complainant, relevant dates and specific claims.
- (4) The Company will prepare a written statement communicating to the complainant the results of the Company's preliminary investigation within 15 working days of the initial receipt of the complaint by the Company with a description of the action taken or proposed to be taken.
- (5)
  - (a) If the complainant is satisfied with the action taken or proposed to be taken, complainant will acknowledge its agreement by signing and returning a copy of the Company's written statement addressing the action taken or proposed to be taken.
  - (b) If the complainant is not satisfied with the Company's response, then the complainant may address the complaint to the Michigan Public Service Commission.

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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 June 1, 2002.

Service is available to a maximum of 14,000 Residential and 1,300 General Service customers beginning June 1, 2002, 28,000 Residential and 2,600 General Service customers beginning June 1, 2003, and 56,000 Residential and 5,200 General Service customers beginning June 1, 2004. Beginning June 1, 2005, all customers are eligible, without a 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 June 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 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 B6.3, Selection of Rate, 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:

- (1) a residential customer exercises an unconditional right of cancellation pursuant to Section G2 with the initial Supplier selected by the customer,
- (2) the customer establishes that the customer was enrolled by a Supplier without the customer's knowing consent,
- (3) the Supplier's action forces the customer to the Company's sales service,
- (4) the Supplier selected by the customer defaults under its Supplier Agreement, or
- (5) the Supplier selected by the customer has its Authorized Supplier status revoked or terminated.

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**Nature of Service**

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, surcharges, penalties and taxes. The authorized Supplier's cost of gas charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Rules, Regulations and Rate Schedules Governing the Sale or Transportation of Natural Gas" as approved by the Michigan Public Service 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**

**Customer Charge**

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

**Distribution Charge**

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

**Balancing Charge**

The customer shall pay a Balancing Charge of \$0.4200 per Mcf delivered by the Company to the customer during the month. (Amounts collected by the Company for Balancing Charges shall be reflected as reductions to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule B10.)

**Gas Commodity Charge**

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. If a participating customer wishes to obtain gas supply from the Company after twelve or more months 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, subject to Rule B3, Controlled Service, the customer shall become subject to the higher of a market based rate or the GCR rate for up to three months.

The market-based rate shall consist of the average (most recent 30 days that are available) of the MichCon city gate price as published in *Platt's Gas Daily*.

**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.

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**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% 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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