STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission’s own motion, to promulgate rules adopting the Federal Energy Regulatory Commission’s rules of accounts for major and nonmajor electric utilities. Case No. U-14811

In the matter, on the Commission’s own motion, to promulgate rules adopting the Federal Energy Regulatory Commission’s rules of accounts for major and nonmajor gas utilities. Case No. U-14812

ERRATA

On April 27, 2010, the Commission issued an order in Case No. U-14811 et al., approving a revised version of the Uniform System of Accounts for Major and Nonmajor Electric and Gas Utilities, as modified by the order and attached as Exhibits A and B. An older version of the electric and gas rules was inadvertently attached to the order as Exhibits A and B. The correct, up-to-date versions are attached as Exhibits A and B.

MICHIGAN PUBLIC SERVICE COMMISSION

Mary Jo Kunkle
Its Executive Secretary

June 14, 2010
Lansing, Michigan
DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH

MICHIGAN PUBLIC SERVICE COMMISSION

UNIFORM SYSTEM OF ACCOUNTS FOR MAJOR AND NONMAJOR ELECTRIC UTILITIES

Filed with the Secretary of State on

These rules become effective immediately upon filing with the Secretary of State unless adopted under sections 33, 44, 45a(6), or 48 of 1969 PA 306. Rules adopted under these sections become effective 7 days after filing with the Secretary of State.

(By authority conferred on the Michigan public service commission by section 5 of 1919 PA 419, MCL 460.55)

R 460.9002 of the Michigan Administrative Code is added as follows:

R 460.9002 Adoption by reference of federal standards.

Rule 1. (1) The federal uniform system of accounts for major and nonmajor electric utilities promulgated by the United States federal energy regulatory commission and codified at 18 CFR Part 101 (2009), as amended through April 1, 2010, is adopted by reference in these rules as of the effective date of these rules January 1, 2011. The rules are prescribed for the use of all electric utilities under the jurisdiction of the Michigan public service commission, subject to the following exceptions and conditions unless otherwise ordered by the Michigan public service commission:

(a) All orders and practices of the Michigan public service commission in effect as of the effective date of this rule with accounting impacts that conflict with provisions of the uniform system of accounts for major and nonmajor electric utilities shall remain in effect, and future orders and practices with such impacts shall supersede the provisions of the uniform system of accounts for major and nonmajor electric utilities for Michigan retail jurisdictional purposes.

(b) All references to federal statutes, federal regulations, and other federal documents are inapplicable where they are not applicable to the jurisdiction exercised by the Michigan public service commission.

(c) Nothing in these rules shall affect the validity of accounting practices approved in Michigan public service commission orders issued prior to the effective date of these rules. Utilities subject to any such orders may conform the related accounts to the updated accounts adopted by these rules, with notice to the commission.

(d) The Michigan public service commission may authorize electric utilities to utilize account numbers not listed in the federal energy regulatory commission’s uniform system of accounts for major and nonmajor electric utilities.

(4) The electric utilities under the jurisdiction of the Michigan public service commission shall apply to the Michigan public service commission for Michigan retail jurisdictional use of the following accounts:

(i) Account 182.1 - Extraordinary property losses.

April 27, 2010
(ii) Account 182.2 - Unrecovered plant and regulatory study costs.
(iii) Account 182.3 - Other regulatory assets.
(iv) Account 254 - Other regulatory liabilities.
(v) Account 407 - Amortization of property losses, unrecovered plant and regulatory study costs.
(vi) Account 407.3 - Regulatory debits.
(vii) Account 407.4 - Regulatory credits.
(e) In addition to the accounts listed in 18 CFR Part 101 (2009), the following accounts shall be adopted in order to maintain consistency with accounts previously required by the Michigan public service commission:
(i) Account 246 – Federal income taxes accrued for prior years.
(ii) Account 246.1 – State and local taxes accrued for prior years.
(iii) Account 247 – Federal income taxes accrued for prior years – adjustments.
(iv) Account 247.1 – State and local taxes accrued for prior years – adjustments.
(d) The following retirement units are required for electric utilities:
(i) a/c # 365 – overhead wire: termini to termini.
(ii) a/c # 367 – underground wire: termini to termini.
(2) Each electric utility subject to this rule shall file the following with the Michigan public service commission:
(a) In utility filings and other correspondence with the federal energy regulatory commission or its staff, on and after the effective date of this rule, regarding the utility’s accounting practices or the uniform system of accounts for major and nonmajor electric utilities, including but not limited to requests for accounting guidance and or approval of accounting entries, the portion of the initial filing or correspondence by the utility relating to accounting practices or the uniform system of accounts for major and nonmajor electric utilities, and the final disposition of the matter.
(b) In other changes in the utility’s accounting practices prompted by the federal energy regulatory commission orders, directives, or correspondence, a written explanation of the change in practice, along with relevant supporting documentation.
(c) In the regular periodic or special compliance audits performed on and after the effective date of this rule by the federal energy regulatory commission or its staff, notification of the commencement of the audit and a copy of the final audit report.
(3) The following classification system is adopted:
Class A: Electric utilities having annual electric operating revenues of $2,500,000.00 or more.
Class B: Electric utilities having annual electric operating revenues of $1,000,000.00 or more but less than $2,500,000.00.
Class C: Electric utilities having annual electric operating revenues of $150,000.00 or more but less than $1,000,000.00.
Class D: Electric utilities having annual electric operating revenues of $25,000.00 or more but less than $150,000.00.
(4) Electric utilities with annual gross operating revenues of less than $25,000.00 shall be exempt from this rule until the average of their annual gross revenues, for a period of 3 consecutive years, shall exceed $25,000.00. Electric utilities exceeding the $25,000.00 threshold but falling below the minimum threshold of 10,000 megawatt hours of annual sales included in the uniform system of accounts for major and nonmajor electric utilities shall
nevertheless utilize the uniform system of accounts for major and nonmajor electric utilities as specified for nonmajor utilities.

(5) The adopted federal regulations shall have the same force and effect as a rule promulgated under 1919 PA 419, MCL 460.55.

(6) Nothing in these rules shall cause the Michigan public service commission to automatically adopt by reference any changes made to the uniform system of accounts for major and nonmajor electric utilities by the federal energy regulatory commission.

(7) Upon the request of any person subject to the provisions of these rules or upon its own motion, the Michigan public service commission may waive any of the requirements of these rules. Where good cause exists, the Michigan public service commission may grant the requested waiver, provided that the granting of the waiver would not be inconsistent with the purposes of these rules.

(8) The adopted regulations are available via the internet at www.gpoaccess.gov/cfr/ at no charge as of the time of the adoption of these rules. A printed copy of the code of federal regulations, Title 18, Conservation of power and water resources, parts 1-399, revised as of April 1, 2009 (2010) is available from the United States government printing office, 732 N. Capitol Street, NW, Washington, DC 20401, or by telephone at 1-866-512-1800 (toll free) or 202-512-1800 for a cost of as of the time of the adoption of these rules of $68.00. The uniform system of accounts may also be purchased online at http://bookstore.gpo.gov/, or from the Michigan Department of Energy, Labor, and Economic Growth, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan, 48909 for a cost as of the time of adoption of these rules of $68.00 plus shipping and handling.

R 460.9003 of the Michigan Administrative Code is added as follows:

R 460.9003 Adoption by reference of federal standards.

Rule 1. (1) The federal uniform system of accounts for rural utilities service electric borrowers promulgated by the United States Department of Agriculture and codified at 7 CFR 1767, as amended through January 1, 2010, is adopted by reference in these rules as of January 1, 2011. The rules are prescribed for the use of electric cooperatives under the jurisdiction of the Michigan public service commission, subject to the following exceptions and conditions unless otherwise ordered by the Michigan public service commission:

(a) The rules shall not apply to electric cooperatives that have elected to be member-regulated and have complied with the requirements of MCL 460.31 et seq.

(b) The federal uniform system of accounts for rural utilities service electric borrowers shall supersede the federal system of accounts for major and nonmajor electric utilities in the event of a conflict.

(c) All orders and practices of the Michigan public service commission in effect as of the effective date of this rule with accounting impacts that conflict with the provisions of the uniform system of accounts for rural utilities service electric borrowers shall remain in effect, and future orders and practices with such impacts shall supersede the provisions of the uniform system of accounts for rural utilities service electric borrowers for Michigan retail jurisdictional purposes.
(d) All references to federal statutes, federal regulations, and other federal documents are inapplicable where they are not applicable to the jurisdiction exercised by the Michigan public service commission.

(2) Each electric cooperative subject to this rule shall file the following with the Michigan public service commission:

(a) In utility filings and other correspondence with the United States Department of Agriculture or its staff, on and after the effective date of this rule, regarding the utility’s accounting practices or the uniform system of accounts for rural utilities service electric borrowers, including but not limited to requests for accounting guidance and or approval of accounting entries, the portion of the initial filing or correspondence by the utility relating to accounting practices or the uniform system of accounts for rural utilities service electric borrowers, and the final disposition of the matter.

(b) In other changes in the utility’s accounting practices prompted by the United States Department of Agriculture orders, directives, or correspondence, a written explanation of the change in practice.

(c) In the regular periodic or special compliance audits performed on and after the effective date of this rule by the United States Department of Agriculture or its staff, notification of the commencement of the audit and a copy of the final audit report.

(3) The adopted regulations are available via the internet at www.gpoaccess.gov/cfr/at no charge as of the time of the adoption of these rules. A printed copy of the code of federal regulations, Title 7, Agriculture, parts 1700-1799, revised as of January 1, 2010 is available from the United States government printing office, 732 N. Capitol Street, NW, Washington, DC 20401, or by telephone at 1-866-512-1800 (toll free) or 202-512-1800 for a cost of as of the time of the adoption of these rules of $68.00. The uniform system of accounts may also be purchased online at http://bookstore.gpo.gov/, or from the Michigan Department of Energy, Labor, and Economic Growth, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan, 48909 for a cost as of the time of adoption of these rules of $68.00 plus shipping and handling.
DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH

MICHIGAN PUBLIC SERVICE COMMISSION

UNIFORM SYSTEM OF ACCOUNTS FOR MAJOR AND NONMAJOR GAS UTILITIES

Filed with the Secretary of State on

These rules become effective immediately upon filing with the Secretary of State unless adopted under sections 33, 44, 45a(6), or 48 of 1969 PA 306. Rules adopted under these sections become effective 7 days after filing with the Secretary of State.

(By authority conferred on the Michigan public service commission by section 5 of 1919 PA 419, MCL 460.55)

R 460.9022 of the Michigan Administrative Code is added as follows:

R 460.9022 Adoption by reference of federal standards.

Rule 1. (1) The federal Uniform System of Accounts for Major and Nonmajor Gas Utilities promulgated by the United States federal energy regulatory commission and codified at 18 CFR Part 201 (2009), as amended through April 1, 2010, is adopted by reference in these rules as of the effective date of these rules January 1, 2011. The rules are prescribed for the use of all gas utilities under the jurisdiction of the Michigan public service commission, subject to the following exceptions and conditions unless otherwise ordered by the Michigan public service commission:

(a) All orders and practices of the Michigan public service commission in effect as of the effective date of this rule with accounting impacts that conflict with provisions of the Uniform System of Accounts for Major and Nonmajor Gas Utilities shall remain in effect, and future orders and practices with such impacts shall supersede the provisions of the Uniform System of Accounts for Major and Nonmajor Gas Utilities for Michigan retail jurisdictional purposes.

(b) All references to federal statutes, federal regulations, and other federal documents are inapplicable where they are not applicable to the jurisdiction exercised by the Michigan public service commission.

(c) Instead of gas companies being divided into Class A, Class B, Class C, and Class D categories, all companies shall be treated as Class A companies.

(c) Nothing in these rules shall affect the validity of accounting practices approved in Michigan public service commission orders issued prior to the effective date of these rules. Utilities subject to any such orders may conform the related accounts to the updated accounts adopted by these rules, with notice to the commission.

(d) The following retirement units for natural gas utilities are required:

(i) a/c # 367 — transmission mains: 50 linear feet.

(ii) a/c # 376 — distribution mains: 50 linear feet.

(iii) a/c # 380—services: one service line, main to meter.

April 27, 2010
(d) The Michigan public service commission may authorize gas utilities to utilize account numbers not listed in the federal energy regulatory commission’s uniform system of accounts for major and nonmajor gas utilities.

(e) The gas utilities under the jurisdiction of the Michigan public service commission shall apply to the Michigan public service commission for Michigan retail jurisdictional use of the following accounts:

(i) Account 182.1 - Extraordinary property losses.
(ii) Account 182.2 - Unrecovered plant and regulatory study costs.
(iii) Account 182.3 - Other regulatory assets.
(iv) Account 254 - Other regulatory liabilities.
(v) Account 407 - Amortization of property losses, unrecovered plant and regulatory study costs.

(vi) Account 407.3 - Regulatory debits.
(vii) Account 407.4 - Regulatory credits.

(f) In addition to the accounts listed in 18 CFR Part 201 (2010), the following accounts shall be adopted in order to maintain consistency with accounts previously required by the Michigan public service commission:

(i) Account 246 – Federal income taxes accrued for prior years.
(ii) Account 246.1 – State and local taxes accrued for prior years.
(iii) Account 247 – Federal income taxes accrued for prior years – adjustments.
(iv) Account 247.1 – State and local taxes accrued for prior years – adjustments.

(2) Each gas utility subject to this rule shall file the following with the Michigan public service commission:

(a) In utility filings and other correspondence with the federal energy regulatory commission or its staff, on and after the effective date of this rule, regarding the utility’s accounting practices or the uniform system of accounts for major and nonmajor gas utilities, including but not limited to requests for accounting guidance and or approval of accounting entries, the portion of the initial filing or correspondence by the utility relating to accounting practices or the uniform system of accounts for major and nonmajor gas utilities, and the final disposition of the matter.

(b) In other changes in the utility’s accounting practices prompted by the federal energy regulatory commission orders, directives, or correspondence, a written explanation of the change in practice.

(c) In the regular periodic or special compliance audits performed on and after the effective date of this rule by the federal energy regulatory commission or its staff, notification of the commencement of the audit and a copy of the final audit report.

(2) (3) The adopted regulations are available via the internet at www.gpoaccess.gov/cfr/ at no charge as of the time of the adoption of these rules. A printed copy of the code of federal regulations, Title 18, Conservation of Power and Water Resources, Parts 1-399, revised as of April 1, 2009 (2010) is available from the United States government printing office, 732 N. Capitol Street, NW, Washington, DC 20401, or by telephone at 1-866-512-1800 (toll free) or 202-512-1800 for a cost of as of the time of the adoption of these rules of $68.00. The uniform system of accounts may also be purchased online at http://bookstore.gpo.gov/, or from the Michigan Department of Energy, Labor, and Economic Growth, Michigan Public Service Commission, P.O. Box 30221, Lansing, Michigan, 48909 for a cost as of the time of adoption of these rules of $68.00 plus shipping and handling.