

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
CONSUMERS ENERGY COMPANY for	)	
approval of a gas cost recovery plan and	)	Case No. U-12752
factors for the 12-month period beginning	)	
April 1, 2001.	)	
_____	)	

At the July 25, 2001 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER APPROVING SETTLEMENT AGREEMENT

On December 15, 2000, Consumers Energy Company (Consumers) filed an application,
with supporting testimony and exhibits, requesting approval of a gas cost recovery (GCR) plan and
factors for the 12-month period beginning April 1, 2001.

Pursuant to due notice, a prehearing conference was held on January 23, 2001 before
Administrative Law Judge James N. Rigas. Consumers, the Commission Staff, Attorney General
Jennifer M. Granholm, the Association of Businesses Advocating Tariff Equity, and the
Residential Ratepayer Consortium participated in the proceedings.

Subsequently, the parties submitted a settlement agreement resolving all issues in this case.
All parties should be commended for the flexibility exhibited in reaching the settlement.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that, subject to the quarterly ceiling adjustment mechanism set forth in the settlement agreement, Consumers should be authorized to charge GCR factors of up to \$4.8700 per thousand cubic feet (Mcf) for the months of April and May 2001 and GCR factors of up to \$4.6862 per Mcf for the months of June 2001 through March 2002. The parties also agree that (1) it is reasonable for Consumers to follow the gas purchasing strategy guidelines set forth on Exhibit 1 to the settlement agreement for the 2001-2002 GCR plan year and (2) the methodology set forth on Exhibit 2 to the settlement agreement, which provides a mechanism for adjusting the GCR factor on a quarterly basis to reflect market price increases, is reasonable.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; MSA 22.13(6h) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. The settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Consumers Energy Company is authorized to implement gas cost recovery factors of up to \$4.8700 per thousand cubic feet for the months of April and May 2001 and gas cost recovery

factors of up to \$4.6862 per thousand cubic feet for the months of June 2001 through March 2002, subject to a quarterly adjustment using the methodology set forth in the settlement agreement.

C. The gas acquisition plan for the 2001-2002 gas cost recovery plan year is approved in accordance with the terms of the settlement agreement.

D. The methodology for adjusting the gas cost recovery factors on a quarterly basis to reflect market price increases is approved in accordance with the terms of the settlement agreement.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of July 25, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

factors of up to \$4.6862 per thousand cubic feet for the months of June 2001 through March 2002, subject to a quarterly adjustment using the methodology set forth in the settlement agreement.

C. The gas acquisition plan for the 2001-2002 gas cost recovery plan year is approved in accordance with the terms of the settlement agreement.

D. The methodology for adjusting the gas cost recovery factors on a quarterly basis to reflect market price increases is approved in accordance with the terms of the settlement agreement.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of July 25, 2001.

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order July 25, 2001 approving the settlement agreement and authorizing Consumers Energy Company to implement its gas cost recovery plan and factors for the 12-month period beginning April 2001, as set forth in the order.”