

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
DETROIT THERMAL, LLC, for approval of a steam) Case No. U-14924
purchase agreement.)
_____)

At the September 12, 2006 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

ORDER APPROVING STEAM PURCHASE AGREEMENT

On July 28, 2006, Detroit Thermal, LLC (Detroit Thermal), filed an application for *ex parte* approval of a steam purchase agreement with Wayne State University (WSU). Detroit Thermal states that the parties fully explored several proposals for the provision of steam service, including a rate incorporating a minimum annual load requirement that was also designed to adjust for volatility in the natural gas market on the contract anniversary date. The contract, which adopts this proposal, begins on the date of the Commission order approving the agreement and ends on September 30, 2007. The agreement provides Detroit Thermal and WSU with price and load certainty and provides protection from volatility in the natural gas market.

The Commission previously approved a contract for steam service between Detroit Thermal and one of its customers that contained a variable rate for service in its January 25, 2005 order in Case No. U-14332. The gas price contained in that contract was based on a monthly gas price

adjustment mechanism that was tied to changes in the price for natural gas as listed on the New York Mercantile Exchange (NYMEX). The annual gas cost adjustment mechanism in this special contract is also based upon the NYMEX prices. Attached to the application are two exhibits, the executed steam purchase agreement between Detroit Thermal and WSU and a description of the operation of the annual gas cost adjustment mechanism.

Detroit Thermal is not requesting, and the special contract does not require, any ratemaking determinations or any change in the rates or costs of service to other customers. Approval of the contract does not increase any other customer's rates; therefore, the Commission may approve the contract without providing notice or an opportunity for a hearing.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.51 *et seq.*; 1939 PA 3, as amended, MCL 460.1 *et seq.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 *et seq.*
- b. The steam purchase agreement is reasonable, in the public interest, and should be approved.
- c. *Ex parte* approval of the agreement is appropriate.

THEREFORE, IT IS ORDERED that the steam purchase agreement between Detroit Thermal, LLC, and Wayne State University, attached to the application, is approved.

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

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of September 12, 2006.

/s/ Mary Jo Kunkle
Its Executive Secretary

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

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of September 12, 2006.

Its Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-14924

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on September 12th 2006, A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia Fronta

Subscribed and sworn to before me
this 12th day of September 2006

Sharron A. Allen
Notary Public, Ingham County, MI
My Commission Expires August 16, 2011

SERVICE LIST FOR DOCKET # U – 14924 CASE #
DATE OF PREPARATION: 09/12/2006

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