

Date Mailed November 10, 2000

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation on the Commission's Own Motion Into the Definition of Natural Gas Essential Use Customers and the Requirements for Backup Service for City Gas Company; Florence Municipal Gas Utility; Madison Gas and Electric Company; Midwest Natural Gas, Inc.; Northern States Power Company; St. Croix Valley Natural Gas Company; Superior Water Light and Power Company; Wisconsin Electric Power Company, Gas Business Unit; Wisconsin Fuel and Light Company; Wisconsin Gas Company; Wisconsin Power and Light Company; and Wisconsin Public Service Corporation

05-GI-111

AMENDED ORDER

Introduction

This is a decision arising from the Commission's investigation into the definition of natural gas essential use customers, granting a waiver to Wisconsin Gas Company (WGC) of conditions set out in the original order, issued August 18, 2000.

Background

On May 1, 2000, WGC requested the Commission to consider a proposal to allow a limited number of firm essential use customers to switch to transportation service for this gas year, beginning November 1, 2000. This proposal was filed after the Commission decision in this docket but before the Commission issued its order. The WGC proposal would allow LVF-1 and CGS-1 customers to switch on a first come, first served basis through June 30, 2000, for up to 10,000 decatherms (Dth) in total. WGC filed its request as a Request for Commission Reconsideration. WGC served the request on all parties on the service list. No person commented on the request to the Commission.

On August 18, 2000, after WGC filed its reconsideration request, the Commission ordered the elimination of the essential use designation effective January 1, 2001. The elimination of the essential use designation reduces the amount of LDC contracted pipeline capacity needed. Because utilities had already planned for capacity requirements for essential use customers for this current heating season, the order contemplated that former essential use customers could move to transportation services without back-up services or alternate fuel beginning with the 2001-02 heating season.

After August 18, 2000, WGC's reconsideration request became ripe for consideration. The Commission took up this matter at its October 5, 2000, open meeting.

Findings of Fact

1. WGC's proposal would allow LVF-1 and CGS-1 essential use customers to switch on a first come, first served basis through June 30, 2000, up to a maximum of 10,000 Dth in total.
2. WGC has received requests from LVF-a and CGS-1 essential use customers representing approximately 1,800 Dth to switch to transportation services.
3. WGC can accommodate the transfer without creating stranded costs and causing harm to its core customers or shareholders.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stat. §§ 196.02, 196.03, 196.20, 196.37, 196.39, and 196.395 to enter an order establishing terms and conditions for the provision of natural gas utility services in this state and to establish terms and conditions under which Wisconsin natural gas public utilities may provide service to competitive markets.

2. WGC's reconsideration request is a request to reopen this docket under Wis. Stat. § 227.49 that was deemed denied on September 17, 2000, by operation of law.

3. The Commission has authority under Wis. Stat. § 196.39, among other things, to alter or amend an order and reopen this case for any reason and reopens this docket in the interest of promoting sound public utility regulation.

4. The Commission concludes that the Findings of Fact determined above are just, reasonable, and necessary, and in the public interest.

Opinion

The Commission's original order eliminated the essential use designation as of January 1, 2001. The Commission's rationale for delaying the departure of customers this heating season hinged on the need for the utilities to avoid shifting costs to remaining core customers caused by the early departure of essential use customers and the desire to inform customers of this change in circumstances.

WGC's reconsideration request proposes that the company be authorized to permit a limited group of LVF-1 and CGS-1 essential use customers to go to transportation services now, without back-up requirements. The company's proposal is based on its supply portfolio for the gas year 2000-01. The company's review identified sufficient flexibility to allow customers representing a total load of up to 10,000 Dth to leave the system without creating any stranded costs. After contacting marketers active in its service territory to gauge the interest of current essential use customers in leaving the system now rather than waiting until November 1, 2001, the marketers identified customers representing approximately 1,800 Dth of load.

The Commission determines it reasonable to allow these WGC customers to go to transportation services now, without back-up requirements. WGC can accommodate the

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departure of current essential use customers, representing approximately 10,000 Dth of consumption, without causing financial harm to its remaining core customers. WGC's reconsideration request does not alter current tariff provisions or the compliance filing of tariffs pursuant to 05-GI-111. The request will not result in a diminution of service to essential use customers or other utility customers.

Order

1. WGC may allow those essential use LVF-1 and CGS-1 customers identified on a first come, first served basis through June 30, 2000, to switch to transportation service this November 1, 2000, without back-up requirements representing up to a maximum of 10,000 Dth in total.
2. All other provisions in the original order in this docket shall remain in effect.
3. This Order shall become effective on the day after the date of mailing.
4. Jurisdiction is retained.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

LLD:RCB:ash:g:\order\pending\05-GI-111 WGC Reconsideration 10-31-00

See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

APPENDIX A
(CONTESTED)

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

Public Service Commission of Wisconsin
(Not a party but must be served)
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