

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for authority to increase its rates for the)	Case No. U-21148
distribution of natural gas and for other relief.)	
_____)	

At the July 7, 2022 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
 Hon. Tremaine L. Phillips, Commissioner
 Hon. Katherine L. Peretick, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On December 1, 2021, Consumers Energy Company (Consumers) filed an application, with supporting testimony and exhibits (Application), requesting authority to increase its rates for the distribution of natural gas and other relief. Using a projected test year for the 12-month period ending September 30, 2023, Consumers maintained that it would experience an annual jurisdictional revenue deficiency of approximately \$278 million during the test year. Application, pp. 2-3.

A prehearing conference was held before Administrative Law Judge Jonathon F. Thoits (ALJ) on December 22, 2021. At the prehearing conference, the ALJ granted petitions for leave to intervene filed by the Michigan Department of the Attorney General, the Association of Businesses Advocating Tariff Equity, the Retail Energy Supply Association, Lansing Board of Water & Light, Michigan State University, Citizens Utility Board of Michigan, the Residential

Customer Group, and Michigan Environmental Council, Natural Resources Defense Council, and Sierra Club (jointly). Consumers and the Commission Staff also participated in the proceeding.

Evidentiary hearings took place on May 13 and 16, 2022. The record consists of 2,619 pages of transcript and 384 exhibits.

On June 15, 2022, Consumers submitted a settlement agreement resolving all issues in the case that was signed by all parties to the proceeding.

According to the settlement agreement, attached to this order as Exhibit A, Consumers should be authorized to increase its retail gas distribution rates to produce additional annual revenues of approximately \$170 million through means of a rate design as depicted on Attachment 1 to the settlement agreement. Exhibit A, p. 2, ¶ 1. The settlement agreement indicates that the rate increase is based on a stated rate of return on common equity of 9.9% and a common equity ratio of 50.75%. *Id.*, p. 2, ¶ 3. The settlement agreement further recommends approval of all of the tariff changes identified on Attachment 2 to the settlement agreement. *Id.*, p. 4, ¶ 12. The rates will become effective October 1, 2022. *Id.*, p. 4, ¶ 14.

According to the settlement agreement, the parties agree that the Enhanced Infrastructure Replacement Program will continue with increased spending in the amount of \$250 million for the 12 months ending September 30, 2023, and that Consumers will review and address the length of the program in the next Natural Gas Delivery Plan. *Id.*, p. 2, ¶ 4. The parties further agree that the gas liability related to the federal Tax Cuts and Jobs Act of 2017 (TCJA) shall be reduced to \$4,174,259 to correct an overstatement of the TCJA remeasurement. *Id.*, p. 3, ¶ 6. To commence with an order approving the settlement agreement, the parties also agree that Consumers will implement the following customer charges: (1) \$13.60 per month for residential, (2) \$13.60 per month for A-1, and (3) \$16.00 per month for GS-1. *Id.*, p. 3, ¶ 8. Additionally, the settlement

agreement allows for the gas-in-kind percentage for end-use transportation to be 2.21%. *Id.*, p. 4, ¶ 10.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Beginning October 1, 2022, Consumers Energy Company shall implement rates consistent with those contained in Attachment 1 to the settlement agreement.
- C. Not later than September 15, 2022, Consumers Energy Company shall file tariff sheets substantially similar to those contained in Attachment 2 to 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, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of July 7, 2022.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
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CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the) Case No. U-21148
distribution of natural gas and for other relief.)
_____)

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), the undersigned parties agree as follows:

WHEREAS, on December 1, 2021, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application requesting authority to increase its rates for the distribution of natural gas and other relief. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

WHEREAS, the initial prehearing conference in this proceeding was held on December 22, 2021 before Administrative Law Judge Jonathon F. Thoits. The parties to the case are Consumers Energy; the Commission Staff (“Staff”); the Attorney General of Michigan (“Attorney General”); the Association of Businesses Advocating Tariff Equity (“ABATE”); the Retail Energy Supply Association (“RESA”); Lansing Board of Water & Light (“LBWL”); Michigan State University (“MSU”); Citizens Utility Board (“CUB”); the Residential Customer Group (“RCG”); and Michigan Environmental Council, Natural Resource Defense Council, and Sierra Club (referred to collectively as “MNS”).

WHEREAS, Consumers Energy filed testimony and exhibits requesting an increase in its natural gas rates of approximately \$278 million and seeking various other forms of relief, and Staff

and other intervening parties filed testimony and exhibits addressing various issues. In rebuttal testimony, Consumers Energy has subsequently reduced its request to increase its natural gas rates to approximately \$233 million.

NOW THEREFORE, for purposes of settlement of Case No. U-21148, the undersigned parties agree as follows:

1. Consumers Energy should be authorized to increase its retail natural gas distribution rates so as to produce additional annual revenues in the amount of approximately \$170 million.

2. The parties agree that the above-referenced rate increase will be implemented using a rate design that is reflected in the rates shown on Attachment 1 to this Settlement Agreement, which should be approved by the Commission. Tariff sheets implementing the rate increase, shown on Attachment 1, are attached to this Settlement Agreement as Attachment 2 and should be approved by the Commission.

3. The parties agree that on a non-precedential basis, Consumers Energy's authorized rate of return on common equity is 9.9% and common equity ratio is 50.75%.

4. The parties agree that the Enhanced Infrastructure Replacement Program ("EIRP"), will continue with the increased spending amount of \$250 million for the 12 months ending September 30, 2023. Consumers Energy agrees that it will review and address the length of the EIRP in the next Natural Gas Delivery Plan, with consideration of a program completion date beyond 2030. The Company additionally agrees to continue to file the annual EIRP planning and performance reports.

5. The parties agree that Consumers Energy will write off the capital expenditures, net of insurance proceeds, related to the investments made to repair and modify the Ray Compressor

Station as a result of the January 30, 2019 fire. In writing off the capital expenditures, the parties agree that Consumers Energy should retain the insurance proceeds related to the capital and Operating and Maintenance investment made to repair and modify the Ray Compressor Station as a result of the January 30, 2019 fire. The parties further agree that the Company has the ability to request recovery of the fire-related Ray investments costs in rates in a future gas rate case if Consumers Energy prevails in its appeal of the Commission’s Order in Case No. U-20209.

6. The parties agree that the Tax Cuts and Jobs Act of 2017 (“TCJA”) balance will be adjusted to reduce the gas liability by \$4,174,259 to correct an overstatement of the TCJA remeasurement.

7. The parties agree that Staff has reviewed the Company’s costs associated with the investigation and remediation of former Manufactured Gas Plants through December 31, 2021.

8. The parties agree that, commencing with the Commission’s order approving this Settlement Agreement, Consumers Energy will implement the following customer charges:

Residential	\$13.60
A-1	\$13.60
GS-1	\$16.00

Tariff sheets implementing all the different customer charges are included in Attachment 2 and should be approved by the Commission.

9. The parties agree that Consumers Energy will not move forward with Phase 2 of its Natural Gas Demand Response (“NGDR”) Pilot. In accordance with the Settlement Agreement in Case No. U-20650, the costs associated with Phase 1 of the NGDR Pilot were deferred as a regulatory asset subject to a reasonableness and prudence review for recovery in a future

proceeding. The Company will seek recovery of the costs associated with Phase 1 of the NGDR Pilot in a future rate case proceeding.

10. The parties agree that the gas-in-kind percentage for end-use transportation customers should be 2.21%.

11. The parties agree that the Revenue Decoupling Mechanism proposed by Consumers Energy in this proceeding, which is the same mechanism adopted in Case No. U-20650, should be approved.

12. In this proceeding, proposed non-rate changes were made to the Company's natural gas tariffs. The proposals that have been agreed to by the parties are included in Attachment 2 to this Settlement Agreement. Included in these proposals were changes to the Company's Unauthorized Gas Usage Charge and the Company's curtailment tariff. The parties agree that all the tariff sheets included as Attachment 2 to this Settlement Agreement are consistent with the foregoing provisions of this Settlement Agreement and should be approved by the Commission.

13. Consumers Energy agrees to meet with MNS and Staff to review and update the line extension assumptions within 90 days of the Commission issuing an order in this case. Consumers Energy additionally agrees to transition to a new line extension model that is transparent and is capable of being shared with stakeholders for review to be completed by the end of 2022.

14. The parties agree that new rates will be effective October 1, 2022.

15. Except as otherwise expressly set forth in this Settlement Agreement, the parties agree that this Settlement Agreement does not reflect specific spending requirements for any particular programs of the Company or include any specific disallowances or approvals related to amounts presented in Consumers Energy's December 1, 2021 filing in this case.

16. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

17. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-21148. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement with respect to issues resolved via this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings or related appeals.

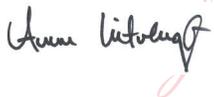
18. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

19. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

20. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned parties respectfully request the Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

CONSUMERS ENERGY COMPANY

 Digitally signed by
Anne M. Uitvlugt
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By: _____

Dated: June 8, 2022

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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

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Dated: June 9, 2022

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Dated: June 9, 2022

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

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LANSING BOARD OF WATER & LIGHT

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Dated: June 14, 2022

MICHIGAN STATE UNIVERSITY

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CITIZENS UTILITY BOARD OF MICHIGAN

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MICHIGAN ENVIRONMENTAL COUNCIL
NATURAL RESOURCES DEFENSE COUNCIL
SIERRA CLUB



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Dated: 06/09/2022

Summary of Present and Proposed Revenue by Rate Schedule

Total Revenue

Case No. U-21148 Revised for Settlement

Line No.	(a) Description	(b)	(c)	(d)	(e)
		Present Revenue	Proposed Revenue	Difference Revenue	Percent
		\$000	\$000	\$000	%
	Residential Service				
1	Single Family Dwelling A	\$ 1,429,538	\$ 1,539,963	\$ 110,425	7.7
2	Multifamily Dwelling A-1	48,874	52,651	3,777	7.7
3	Total Residential Service	1,478,412	1,592,614	114,202	7.7
	General Service				
4	Small Service GS-1	210,305	228,362	18,057	8.6
5	Medium Service GS-2	199,552	216,382	16,830	8.4
6	Large Service GS-3	49,810	53,573	3,763	7.6
7	Outdoor Lighting GL	4	5	1	36.6
8	Total General Service	459,671	498,322	38,651	8.4
9	Total Gas Sales ⁽¹⁾	1,938,083	2,090,936	152,853	7.9
	Transportation				
10	Small Transport ST	30,513	35,968	5,455	17.9
11	Large Transport LT	25,794	30,405	4,611	17.9
12	Extremely Large Transport XLT	24,536	28,923	4,387	17.9
13	Extra Extremely Large Transport XXL	10,875	13,079	2,204	20.3
14	Total Transportation	91,718	108,375	16,657	18.2
15	Total Service (Delivery & Fuel)	<u>\$ 2,029,801</u>	<u>\$ 2,199,311</u>	<u>\$ 169,510</u>	<u>8.4</u>
16	Additional Late Payment Charge Revenue			491	
17	Revenue Increase/(Decrease) Due to Rounding			(1)	
18	Total Revenue (Sufficiency)/Deficiency			<u>\$ 170,000</u>	

Notes

⁽¹⁾ Includes aggregate billed transportation accounts.

MICHIGAN PUBLIC SERVICE COMMISSION
Consumers Energy Company
 Summary of Present and Proposed Rates by Rate Schedule

Line No.	(a) Description	(b) Units	(c) Present	(d) Proposed
Residential Class				
Single Family Dwelling A				
1	Customer Charge	\$/Mth	12.60	13.60
2	Income Assistance - RIA Program	\$/Mth	(12.60)	(13.60)
3	Income Assistance - LIAC Program	\$/Mth	(30.27)	(30.27)
4	Distribution Charge	\$/Mcf	4.2013	4.7993
Multifamily Dwelling A-1				
5	Customer Charge	\$/Mth	12.60	13.60
6	Excess Peak Charge	\$/Mcf	0.0767	0.0828
7	Distribution Charge	\$/Mcf	4.2013	4.7993
General Service				
Small Service GS-1				
8	Customer Charge - Principal	\$/Mth	15.00	16.00
9	Customer Charge - Contiguous	\$/Mth	14.00	14.00
10	Distribution Charge	\$/Mcf	3.6255	4.2597
Medium Service GS-2				
11	Customer Charge - Principal	\$/Mth	91.63	107.37
12	Customer Charge - Contiguous	\$/Mth	40.00	40.00
13	Distribution Charge	\$/Mcf	2.7060	3.1634
Large Service GS-3				
14	Customer Charge - Principal	\$/Mth	234.57	269.55
15	Customer Charge - Contiguous	\$/Mth	80.00	80.00
16	Distribution Charge	\$/Mcf	2.5344	2.9688
Outdoor Lighting GL				
17	Single Mantle	\$/Lum.	5.00	7.00
18	Multiple Mantle	\$/Lum.	9.00	12.00
Transportation				
Small Transport ST				
19	Customer Charge - Principal	\$/Mth	890.85	934.33
20	Customer Charge - Contiguous	\$/Mth	60.00	60.00
21	Distribution Charge	\$/Mcf	1.2162	1.4846
22	Demand Charge	\$/Mcf	-	-
Large Transport LT				
23	Customer Charge - Principal	\$/Mth	1,584.04	2,432.25
24	Customer Charge - Contiguous	\$/Mth	60.00	60.00
25	Distribution Charge	\$/Mcf	1.1330	1.3042
26	Demand Charge	\$/Mcf	-	-
Extremely Large Transport XLT				
27	Customer Charge - Principal	\$/Mth	15,876.55	17,600.04
28	Customer Charge - Contiguous	\$/Mth	60.00	60.00
29	Remote Meter Charge	\$/Mth	70.00	70.00
30	Distribution Charge	\$/Mcf	0.7900	0.9443
31	Demand Charge	\$/Mcf	-	-

MICHIGAN PUBLIC SERVICE COMMISSION
Consumers Energy Company
 Summary of Present and Proposed Rates by Rate Schedule

Line No.	(a) Description	(b) Units	(c) Present	(d) Proposed
	Extra Extremely Large Transport XXL			
32	Customer Charge - Principal	\$/Mth	44,381.36	53,440.97
33	Remote Meter Charge	\$/Mth	70.00	70.00
34	Distribution Charge	\$/Mcf	0.4375	0.5261
35	Demand Charge	\$/Mcf	-	-
	Authorized Tolerance Level (ST, LT, XLT, XXL) ⁽²⁾			
35	2.0% ATL	\$/Mcf	(0.0629)	(0.0783)
36	4.0% ATL	\$/Mcf	(0.0436)	(0.0542)
37	6.5% ATL	\$/Mcf	(0.0194)	(0.0241)
38	7.5% ATL	\$/Mcf	(0.0097)	(0.0120)
39	8.5% ATL	\$/Mcf	-	-
40	9.5% ATL	\$/Mcf	0.0097	0.0120
41	10.5% ATL	\$/Mcf	0.0194	0.0241
	Customer Attachment Program			
42	Discount Rate	%	7.40	6.81
43	Carrying Cost Rate	%	9.27	8.51
	Other Transportation			
44	Authorized Gas Use Charge	\$/Mcf	1.00	1.00
45	Unauthorized Gas Use Charge	\$/Mcf	10.00	10.00
46	Load Balancing Charge	\$/MMBtu	0.25	0.25
47	EUT Gas In Kind	%	2.12	2.21
	Non-Transmitting Gas Meter - Automated Meter Reading (AMR) Provision			
48	One Time Charge Prior to AMR Install	\$/Customer	109.94	109.94
49	One Time Charge After AMR Install	\$/Customer	177.53	177.53
50	Monthly Charge	\$/Customer	6.03	6.03

Notes

⁽¹⁾ Excludes Outdoor Lighting GL

⁽²⁾ Only the 2.0% ATL adjustment is available to XXL and the 4.0% ATL credit is subtracted to get a credit of \$(0.0241)

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company

Proposed Gas Tariff Sheets (MPSC No. 3 – Redlined Version)

(Continued From Sheet No. C-7.00)

C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.1 Definitions (Contd)

- D. **Commercial Gas Requirements** shall include all service to customers engaged primarily in the furnishing or sale of goods or services including schools, local, state and federal government agencies and other public or private institutions for use other than those involving manufacturing or electric power generation.
- E. **Customers**, unless otherwise specified, shall mean sales customers, gas customer choice customers, transportation customers and storage customers.
- F. **Deliveries** shall mean gas delivered to transportation, gas customer choice, and sales volumes.
- G. **Electric Generation** is a use of natural gas to generate electricity, either directly or indirectly, including, but not limited to, natural gas used for cogeneration.
- H. **End Use Customer** is a customer under the Company's sales and transportation Rate Schedules where the gas is used or consumed on the customer's premises to which the gas was delivered.
- I. **Excess Use** shall mean the gas used by a curtailment customer over the amount allowed under a curtailment notice issued by the Company pursuant to these rules.
- J. **Force Majeure** shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances. Force Majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery or lines of pipe; the necessity of testing (as required by governmental authority or as deemed necessary by the Company for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights of way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably within the control of the Company. It is understood that the settlement of strikes and lockouts or controversies with landowners involving rights of way shall be entirely within the Company's discretion and that the above requirement that any Force Majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving rights of way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Company.
- K. **Industrial Gas Requirements** shall include all service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
- L. **Non-System Supply Customer** shall mean those customers who do not purchase natural gas requirements from the Company.
- M. **Operational Flow Order or OFO** shall be used as defined in Section E1.1., Definitions.
- N. **Requirements for Plant Protection** shall mean such minimum volumes of gas as required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include Deliveries required to maintain plant production. *The Company shall reasonably work with individual customers to identify their Requirements for Plant Protection, including accepting customers' individual assessment and representation of how much consumption is needed to achieve Plant Protection when all other uses are curtailed. The Requirements for Plant Protection may be reviewed and/or adjusted two (2) times during a calendar year*

(Continued on Sheet No. C-9.00)

(Continued From Sheet No. C-10.00)

C3. CURTAILMENT OF GAS SERVICE (Contd)

C3.2 Curtailment of Gas Service for Gas Supply Deficiency (Contd)

D. Base Period

(1) Base Period for System Supply Customers

- (a) For the purpose of determining the customer's volumes within each curtailment priority category, a twelve month base period shall be established. Such base period shall be fixed for the term of the curtailment. The base period volumes shall be based upon the customer consumption during the same month of the previous calendar year. In those instances where the customer has encountered strikes, interruption of gas service or unavoidable operational abnormalities, the Company may make reasonable adjustments to normalize the customer's requirements. The customer may also request such an adjustment to its base period volumes upon 90-days' advance notice. At the Company's sole discretion, base period volumes may be adjusted for known equipment added or deleted or loads not in operation during the base period. The customer shall notify the company of any adjustment to base period volumes using any reasonable method of the customers' choice, including but not limited to written request, phone call, or email. The Company shall notify the customer if the base period adjustment is accepted or rejected within 60 days of the request. A failure to affirmatively notify the customer shall be treated as an acceptance. If the requested adjustment is rejected the company shall provide the customer a written explanation detailing the reasons for the rejection. A customer may request an adjustment to its base period volumes two (2) times during a calendar year.
- (b) In determining monthly consumptions, as specified by the meter measuring the Customer's usage, the Company shall determine the gas used during each month of the period described above for all buildings, parts of buildings, and equipment associated with each customer's gas billing in accordance with the Company's Rules and Regulations. Volumes specified in Curtailment Priorities One through five shall apply in the aggregate for all equipment of the same end use rather than on a unit of equipment basis.
- (c) The monthly consumption so determined, with such adjustments as provided above, shall then be used as the monthly requirement specified in the Curtailment Priority Categories. In determining a customer's Curtailment Priority Category, the applicable monthly requirement in the base period shall be used.

(2) Base Period for Non-System Supply Customers

A base period is not established pursuant to this Rule for non-System Supply Customers. The distribution of system supply gas to non-System Supply Customers is subject to Curtailment Priority Five whereby the Company has sole discretion in determining the extent and duration of curtailment of such Customers.

E. Curtailment Priorities

For purposes of curtailment, five categories are established with Priority Five constituting the lowest priority and Priority One the highest.

PRIORITY FIVE

All non-residential Customers having alternate fuel capability for that portion of their load covered by the alternate fuel and all sales of system supply gas to non-System Supply Customers.

PRIORITY FOUR

Commercial and Industrial Gas Requirements in excess of 41,667 Mcf per the base period month being curtailed.

(Continued on Sheet No. C-12.00)

(Continued From Sheet No. C-23.00)

C4. APPLICATION OF RATES (Contd)

C4.7 Aggregation of Accounts (Contd)

Option A: Contiguous Facilities (Contd)

- B. The building or parts of buildings, separated by a public street or alley (but not including a limited-access highway), are situated upon parcels of land which occupy wholly or in part immediately opposite street frontages on the same street or alley and are exclusively occupied and used by the customer as a unitary enterprise at one location and under one management.
- C. The facility designated as the principal-~~master~~ account shall be subject to and billed under the provisions of its General Service Rate Schedule, Gas Customer Choice Rate Schedule or Transportation Rate Schedule and will pay the principal-~~master~~ customer charge and the applicable distribution charge or transportation rate. Facilities designated as contiguous to the principal-~~master~~ account will pay the contiguous customer charge and the applicable distribution charge or transportation rate in effect for its principal-~~master~~ General Service Rate Schedule, Gas Customer Choice Rate Schedule or Transportation Rate Schedule.

Option B: Non-Contiguous Facilities

A customer receiving gas service at multiple facilities under a 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 principal-~~master~~ account. The principal-~~master~~ account must be a transportation account under Rate ST, LT, XLT or XXLT.
- B. Only subsidiary accounts will be eligible for aggregation with the principal-~~master~~ account. To qualify as a subsidiary account a facility must be served under a sales service Rate Schedule (Rate A, A-1, GS). The customer must specify which of the other facilities will be designated as a subsidiary account.
- C. The facility designated as the principal-~~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 principal-~~master~~ account tariff, except that the subsidiary accounts will pay the customer charge and distribution charge in effect for their designated sales rates rather than the customer charge and transportation charge in effect for the principal-~~master~~ account.

C5. CUSTOMER RESPONSIBILITIES

C5.1 Access to Customer's Premises

The Company's authorized agents shall have access to the customer's premises at all reasonable hours, to install, inspect, read, repair, relocate or remove its meters; to install, operate, maintain, relocate and remove other Company property, and to inspect and determine the load characteristics of appliances installed on the customer's premises. Neglect or refusal on the part of the customer to provide reasonable access shall be sufficient cause for shutoff of service by the Company, and assurance of access may be required before service is restored.

C5.2 Bills and Payments

A. Billing Frequency

Bills for gas service shall be rendered on approximately a monthly basis, and shall be due and payable on or before the due date shown on each bill.

(Continued on Sheet No. C-25.00)

(Continued From Sheet No. C-30.00)

C5.6 Gas Non-Transmitting ~~Gas~~ Meter ~~—Automated Meter Reading (AMR) Provision~~

Customers served on Residential Service Rates A or A-1 and General Service Rates GS-1 have the option to choose a non-transmitting Gas meter. In order for a customer to be eligible to participate in the Gas Non-Transmitting ~~Gas~~ Meter Provision, the customer must have a gas meter that is accessible to Company employees and the customer shall have zero instances of unauthorized use, theft, fraud and/or threats of violence toward Company employees. Customers paying the monthly charge for the Electric Non-Transmitting Meter Provision within the Company’s service territory are not subject to Gas Non-Transmitting ~~Gas~~ Meter ~~—AMR~~ Provision charges.

Gas-only utility service customer electing a Gas Non-Transmitting ~~Gas~~ Meter will pay the following charges per premises or billing meter:

Up Front Charge:	\$109.94	a one-time charge per billing meter per request if the notice is given before the transmitting meter is installed
	OR	
	\$177.53	a one-time charge per billing meter per request if the notice is given after the transmitting meter is installed
Monthly Charge:	\$6.03	per month at each premises as defined in Rule B1., Technical Standards for Gas Service. Multiple metered units shall be charged per billing meter.

All standard charges and provisions of the customer’s applicable tariff shall apply.

C6. METERING AND METERING EQUIPMENT

The customer shall provide and maintain, free of expense to the Company, space suitable for the meter set assembly, regulator, meter and other metering facilities located in accordance with the following:

New Residential Service – shall be outside at a point of attachment designated by the Company.

New Commercial and Industrial Service – shall be outside, but if not feasible, then at the point of service line entrance designated by the Company.

Mobile Home Service – shall be on an outside meter pedestal of a design approved by the Company and which the mobile home park owner or authorized representative shall provide, own, install and maintain in accordance with Company specifications.

The customer shall permit only authorized agents of the Company, or other personnel lawfully authorized to do so to initiate service or to inspect, test, repair or remove Company-owned equipment. If the meter set assembly regulator, meter or metering facilities are damaged or destroyed through the neglect of the customer, the cost of necessary repairs or replacements shall be paid by the customer.

The Company shall test meter accuracy upon request of a customer if the customer does not request a test more than once every two years, and if the customer agrees to accept the results of the test as the basis for determining the difference claimed. No charge shall be made to the customer for the first test in any five-year period, but if subsequent tests during the same period, for the same customer, show the meter to be within the allowable limits of accuracy, the Company shall charge the customer for subsequent tests based on the Company's current costs. The charge to a customer for a meter test shall be filed with the Commission at least thirty days prior to being amended. If such test reveals the meter registration to be outside the accuracy limits prescribed in these rules, the cost of the test shall be refunded and a billing adjustment made. The customer may be present at the time of the test if the customer makes a request prior to the test. A written report shall be made to the customer by the Company and the Company shall maintain a record of the test.

(Continued on Sheet No. C-32.00)

(Continued From Sheet No. C-37.00)

C8. CUSTOMER ATTACHMENT PROGRAM (Contd)

C. Payment of Customer Contribution (Contd)

Unless otherwise stated by the Company, the customer shall pay any remaining charges resulting from a Revenue Deficiency in a lump sum in advance of the facility expansion. Customers deemed by the Company to require significant investment for unpredictable operations may enter into a contract with the Company to have all or a portion of the revenue deficiency designated as a deposit subject to refund, at the option of the Company. Refunds shall not exceed the amount of the deposit and shall be based solely on any incremental increase in consumption and accompanying revenues above that recognized in the Model to calculate the customer contribution.

The Company may offer the Fixed Monthly Surcharge as an alternative payment method for the Revenue Deficiency. The Fixed Monthly Surcharge shall be payable monthly throughout the surcharge period. Billing of the Fixed Monthly Surcharge shall commence within six months following completion of construction of the main and initial service lines. The customer may at any time elect to pay off the remaining Fixed Monthly Surcharge balance with a lump sum payment equal to the present value of the remaining monthly payments. If the present value of the Fixed Monthly Surcharge is less than \$200.00, the Company may require the customer to make a lump sum payment. The Fixed Monthly Surcharge is assessed to the property served such that any subsequent customer requesting gas service at the property address, once notified by the Company of the amount and duration of such surcharge, shall be liable for the Fixed Monthly Surcharge. Such notification may be verbal, written or in the form of a bill which includes the Fixed Monthly Surcharge. Failure of sellers, agents, lessors or other non-company parties to notify a customer of the Fixed Monthly Surcharge shall not relieve the customer's obligation to pay the Fixed Monthly Surcharge. Failure by the customer to timely pay the Fixed Monthly Surcharge shall result in the discontinuation, shutoff of service or denial of natural gas service.

Land developers, builders, mobile home park developments or rental units are not eligible for the Fixed Monthly Surcharge and, *unless approved by the Company*, may not be considered an unpredictable operation eligible for terms of a contract subject to refund.

D. Connection Fee

The Connection Fee is equal to \$200.00 per meter. The Connection Fee is equal to \$100.00 per meter for a multiple metered installation on a single structure that is served from a single service line and where all meters are set at one time.

The Company may waive the connection fee for pre-approved builders or developers when the builder or developer digs the service trench for line installation. Such trenches must be considered usable, as determined by a Company qualified individual who will directly observe installation of service line and backfill of trench. The builder or developer must have pre-approval to implement this process by the Company to ensure an understanding of the conditions and requirements of operator qualifications.

E. Excessive Service Line Fee

The Excessive Service Line Fee will be assessed to a customer whose service line requirement is in excess of the Service Line Limit. The Excessive Service Line Fee will be calculated annually to be effective March 1. The Service Line Limit for an individual service line shall be equal to the point at which the cost of the customer's service requirements are greater than the allowance based on the Cost of Service Model. The Company reserves the right to use a different Service Line Limit for different categories of customers. The Service Line Limit will be calculated annually to be effective March 1st. In calculating the average service line length for a project containing more than one customer, the maximum length of each service line to be included in the calculation is the Service Line Limit for a primary residential home.

The Company, in its sole discretion, may waive the excessive service line fee or extend the service line limit for all attaching parties based on the economics of a proposed project. Any such waiver or extension shall not be effective unless provided in writing by the Company.

(Continued on Sheet No. C-39.00)

(Continued From Sheet No. C-39.00)

C8. CUSTOMER ATTACHMENT PROGRAM (Contd)

I. Model Assumptions

Incremental Revenues:

The incremental revenues will be calculated based on current rates and a forecast of the timing and number of customer attachments as well as the customer's annual consumption levels.

Incremental Costs:

(1) Carrying Cost Rate

The carrying cost rate will be based on the weighted rate of debt, preferred stock, equity and associated taxes. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. The carrying cost rate is equal to ~~9.27~~ 8.51 %.

(2) Plant in Service

Plant in Service shall reflect the Company's estimated cost to construct distribution mains, customer service lines, meters and pressure regulators or regulating facilities for the Project. The timing of the facility investment, primarily service lines, will correspond with the projected timing of the customer attachments.

(3) Carrying Costs

The Carrying Costs will be the product of the average of beginning and end-of-year net plant, Plant in Service minus accumulated depreciation minus deferred taxes, multiplied by the Carrying Cost Rate, noted in paragraph 1 above.

(4) Depreciation

Depreciation expense will be the product of Plant in Service multiplied by the appropriate prescribed depreciation rates approved for the Company.

(5) Property Taxes and Other Operating Expenses

Property taxes will be the product of Plant in Service multiplied by the Company's average property tax rate. All other incremental operating expenses will be included as identified. Incremental O&M will at a minimum include a proportional cost for monthly meter reading, billing and mailing.

(6) Discount Rate

The discount rate will be a weighted rate of long-term debt, preferred stock and common equity. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. Based on the Company's rate order in Case No. ~~U-20650~~ U-21148, the discount rate is equal to ~~7.40~~ 6.81 %.

J. Customer Attachment Project Areas

All gas sold in any area specifically listed below is subject to the following Customer Attachment Project (CAP) charges. CAP areas and charges shall be added to or removed from the list from time to time by the Company.

(Continued on Sheet No. C-41.00)

RATE CATEGORIES

<u>Description</u>	<u>Rate Category</u>
RESIDENTIAL SERVICE RATE A	
Residential Space Heating	250
Residential Without Space Heating	260
Aggregation	052
Customer Choice	752
MULTIFAMILY DWELLING SERVICE RATE A-1	
Residential	251
Sales to Transportation	480
Principal Master Account	043
Customer Choice Multi	753
GENERAL SERVICE RATE GS-1	
Commercial	261
Commercial - Sales to Transportation	273
Commercial - Principal Master Account	265
Commercial - Contiguous	269
Commercial - Customer Choice	277
Commercial - Temporary Construction Service	299
Industrial	263
Industrial - Sales to Transportation	275
Industrial - Principal Master Account	267
Industrial - Contiguous	271
Industrial - Customer Choice	279
GENERAL SERVICE RATE GS-2	
Commercial	262
Commercial - Sales to Transportation	274
Commercial - Principal Master Account	266
Commercial - Contiguous	270
Commercial - Customer Choice	278
Industrial	264
Industrial - Sales to Transportation	276
Industrial - Principal Master Account	268
Industrial - Contiguous	272
Industrial - Customer Choice	280
GENERAL SERVICE RATE GS-3	
Commercial	281
Commercial - Sales to Transportation	287
Commercial - Principal Master Account	283
Commercial - Contiguous	285
Commercial - Customer Choice	289
Industrial	282
Industrial - Sales to Transportation	288
Industrial - Principal Master Account	284
Industrial - Contiguous	286
Industrial - Customer Choice	290

(Continued on Sheet No. D-9.00)

RESIDENTIAL SERVICE RATE A

Availability

Subject to any restrictions, this rate is available to any customer desiring gas service for any usual residential use in private family dwellings; tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for up to six persons; or multifamily dwellings containing two households served through a single meter.

This rate is not available for resale service, multifamily dwellings containing more than two living units served through a single meter or for tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons or for any other Non-Residential usage.

Residences in conjunction with commercial or industrial enterprises and mobile home parks may take service on this rate only under the Rules and Regulations contained in the Company's Gas Rate Book.

Monthly Rate

Customer Charge

~~\$12.60~~ 13.60 per customer per month, plus

Income Assistance Service Provision:

When service is supplied to a Principal Residence Customer, where the total household income does not exceed 150% of the Federal Poverty level, a credit shall be applied during all billing months. The total household income is verified when the customer has provided proof that they have received, or are currently participating in, one or more of the following within the past 12 months:

1. A Home Heating Credit energy draft
2. State Emergency Relief
3. Assistance from a Michigan Energy Assistance Program (MEAP)
4. Medicaid

If a customer does not meet any of the above requirements, a low-income verification form will be provided by the Company for the customer to complete and return.

The monthly credit for the Income Assistance Service Provision (RIA) shall be applied as follows:

Income Assistance Credit: ~~\$(12.60)~~ (13.60) per customer per month

If a credit balance occurs, the credit shall apply to the customer's future gas utility charges.

Low Income Assistance Credit (LIAC):

Company selected Residential customers may receive LIAC for up to 12 consecutive months. The number of customers enrolled may be adjusted, at the Company's discretion, in order to dispense Commission-approved LIAC funding on an annual basis. Any shortfall in the dispensing of annual LIAC funds to qualified customers shall be carried over into the subsequent LIAC program year. LIAC customer selection will be based on highest need and with total household income that does not exceed 150% of the Federal Poverty level. The total household income is verified when the customer has provided proof that they have received, or are currently participating in, one or more of the following within the past 12 months:

1. Customers whose total household income does not exceed 150% of the Federal Poverty level within the last 12 months
2. Customers who have received assistance from a Michigan Energy Assistance Program (MEAP)
3. Customers who have received a Home Heating Credit energy draft
4. A State Emergency Relief program
5. Medicaid
6. Customers that have participated in a Supplementary Nutrition Assistance Program where the total household income does not exceed 150% of the Federal Poverty level within the last 12 months

If the customer does not meet any of the above requirements, a low-income verification form will be provided by the Company for the customer to complete and return.

The monthly credit for LIAC shall be applied as follows:

Low Income Assistance Credit: ~~\$(30.27)~~ per meter per month

If a credit balance occurs, the credit shall apply to the customer's future gas utility charges. Re-enrollment, if applicable, and confirmation of qualification is required for each annual period of participation.

Customers selected for LIAC, will not be eligible for the RIA provision while enrolled in LIAC.

RESIDENTIAL SERVICE RATE A
(Continued From Sheet No. D-10.00)

Monthly Rate (Contd)

Distribution Charge

~~\$4.2013~~ 4.7993 per Mcf for all Mcf purchased.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate, adjusted for qualified service provision credit and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of transmittal. A late payment charge of 2%, not compounded, of the portion of the bill, net of taxes, shall be assessed to any bill that is delinquent. A customer who participates in the Winter Protection Plan or who is 65 years of age or older and who has notified the Company the customer is 65 years of age or older, shall be exempt from a late payment charge as described in Rule B2., Consumer Standards and Billing Practices for Electric and Natural Gas Service, R 460.125, Late payment charges.

Term and Form of Contract

Service under this rate shall not require a written contract.

MULTIFAMILY DWELLING SERVICE RATE A-1

Availability

Subject to any restrictions this rate is available to any multifamily dwelling installation containing more than two households served through a single meter and where, in the Company's opinion, it is impractical to provide gas service to each household through an individual meter. This rate is not available for multifamily dwellings containing two households served through a single meter.

Monthly Rate

Customer Charge

~~\$12.60~~ 13.60 per month

Distribution Charge

~~\$4.2013~~ 4.7993 per Mcf for all Mcf purchased plus
~~\$0.0767~~ 0.0828 per Mcf of excess peak demand

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate, adjusted for qualified service provision credit and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Determination of Excess Peak Demand

The Mcf used for billing the excess demand shall be equal to all usage in excess of 45 Mcf in the peak month. The peak month shall be that month in the latest 12 months in which the greatest consumption occurred.

If 12 months of historical data are not available for a premises, then the Company shall use an estimated peak usage while accumulating 12 months of data. If, during the accumulation of 12 months of data, any month's actual usage exceeds the original estimated peak usage, then the actual usage shall become the new peak demand. However, if after 12 months the estimated peak usage exceeds the actual peak month's usage, then the customer's bills shall be recalculated using the actual and any overcharge shall be refunded with interest.

Term and Form of Contract

Service under this rate shall not require a written contract.

**GENERAL SERVICE RATE
(Rates GS-1, GS-2 and GS-3)**

Availability

Subject to any restrictions, this rate is available to any customer desiring gas service for any Non-Residential usage which includes tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons. Gas shall not be purchased under any other rate for any equipment or process which uses gas under this rate.

This rate is not available for residential usage or for resale purposes.

Monthly Rate

	Service Category		
	GS-1	GS-2	GS-3
Principal Master Customer Charge	\$15.00 16.00/meter	\$91.63 107.37/meter	\$234.57 269.55/meter
Contiguous Customer Charge	14.00/meter	40.00/meter	80.00/meter
Distribution Charge	\$3.6255 4.2597/Mcf	\$2.7060 3.1634/Mcf	\$2.5344 2.9688/Mcf

Selection of Service Category and Rates

Customers may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2., Choice of Rates. When the Customer is selecting its initial Service Category, the Company must advise them that the estimated economic breakeven point between GS-1 and GS-2 is approximately 1,000 Mcf per year and the estimated economic breakeven point between GS-2 and GS-3 is approximately 10,000 Mcf per year. Economic breakeven points may vary based on the usage and number of customer contiguous accounts. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Term and Form of Contract

Service under this rate shall not require a written contract.

GENERAL SERVICE OUTDOOR LIGHTING RATE GL

This Rate Is Not Open to New Business

Availability

Subject to any restrictions, this rate is available to any commercial or industrial customer for streetlighting or outdoor area lighting service for any system consisting of two or more gas luminaires where the Company has an existing gas distribution system.

Nature of Service

The customer shall furnish the necessary posts, luminaires and fixtures. The Company shall install this equipment and make all connections to its gas distribution system. The Company shall supply the gas, renew the mantles, clean the luminaires and paint all metal parts as needed; all other renewals and maintenance shall be paid for by the customer.

Monthly Rate

~~\$5.00~~ 7.00 per luminaire having a rated consumption of 2.5 cubic feet or less per hour.

~~\$9.00~~ 12.00 per luminaire having a rated consumption of more than 2.5 cubic feet but not more than 4.5 cubic feet per hour.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Term and Form of Contract

Minimum term of three years on written contract and year to year thereafter until terminated by mutual consent or upon three months' written notice given by either party.

Special Terms and Conditions

The Company reserves the right to make special contractual arrangements as to term or duration of contract, termination charges, contributions in aid of construction, monthly charges or other special consideration when the customer requests service, equipment or facilities not normally provided under this rate.

(Continued From Sheet No. E-2.00)

E2. RECORDS, ACCOUNTING AND CONTROL (Contd)

E2.2 Nominations, Accounting and Control.

- A. If the customer designates some other party as agent for purposes of nominating, and of giving and receiving notices, the customer shall provide the Company with written notice of such designation. Any such designation shall be effective for a period of 5 (five) years unless ~~until~~ revoked in writing by the customer.
- B. All Nominations shall be submitted by facsimile, e-mail or an available electronic nomination system.
- C. **Daily:** The customer or the customer's authorized representative shall notify the Company's Gas Transportation Services Department of the daily quantity of Gas (in MMBtu) that the customer is nominating for delivery to the Company on behalf of the customer. Such Nominations shall be submitted by 2:00 PM Eastern Clock Time on the Business Day prior to the effective Day of the proposed delivery. Nominations made after the 2:00 PM deadline shall be accepted at the sole discretion of the Company. Customers are required to have 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.)
- D. The customer or the customer's authorized representative may transfer all or any portion of their Gas balance to another customer. The customer from whom the Gas is transferred shall be charged a \$25 fee. Such transactions are prospective and may not be used to avoid penalties once charged.
- E. The Company may at its sole discretion, allow one transfer of Gas per Month between customers. The customer to whom the Gas is transferred shall be charged a \$500 fee. Such transfers shall be received by the Company prior to 2:00 PM Eastern Clock Time one Business Day prior to the last business Day of that Month.

E2.3 Customer Data

The Company will make a reasonable effort to provide the Customer, or its designated agent, with accurate individual customer consumption data no later than 6 business days after the conclusion of the calendar month

E3. GAS QUALITY

E3.1 Quality.

The Gas delivered to the Company shall meet the following requirements:

- A. Gas shall not contain more than 0.0005 percent (5 ppm) oxygen by volume;
- B. Gas shall be commercially free from objectionable odors, solid or liquid matter, bacteria, dust, gum or gum-forming constituents which 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;
- C. Gas shall not contain more than 0.25 grain of hydrogen sulphide nor more than 0.5 grain of mercaptan sulfur per 100 cubic feet;
- D. Gas shall not contain more than 5.0 grains of total sulfur (including hydrogen sulphide and mercaptan sulfur) per 100 cubic feet;
- E. Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
- F. Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet;
- G. Gas shall be fully "interchangeable" in accordance with the provisions of AGA Research Bulletin No. 36.
- H. The temperature of the Gas shall not exceed 100° F;
- I. The hydrocarbon dewpoint of the Gas shall not exceed 30° F at 500 pounds per square inch.

(Continued on Sheet No. E-4.00)

(Continued From Sheet No. E-3.00)

E3. GAS QUALITY (Contd)

E3.2 Heating Value.

The Gas transported shall have a Total Heating Value Per Cubic Foot of not less than 965 Btu nor more than 1,110 Btu at a base pressure of 14.65 psi and 60 degrees Fahrenheit. Unless otherwise agreed, differences in the thermal value of the Gas transported shall be determined by the Company based on the assumption that the Gas delivered to the customer has a Btu content per Mcf that is the same as the Company's then-current system average Btu content per Mcf which shall be redetermined Monthly.

E4. SERVICE REQUIREMENTS

E4.1 Quantities.

- A. The customer may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Book, accept quantities of Gas up to the MDQ specified in the transportation contract. If deliveries to the Company exceed the agreed upon quantities, the Company may terminate the contract upon 30 Days' written notice to the customer.
- B. Deliveries to the Company may be made by or on behalf of the customer at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the customer and the Company.
- C. The Company shall endeavor to deliver Gas to the customer, and the customer shall endeavor to take a quantity of Gas that is thermally equivalent to the Gas that it delivers or causes to be delivered. Such delivery on the part of the Company and take on the part of the customer is to be made at the outlet of the Company gas meter(s) identified in the transportation contract.
- D. The Company shall retain ~~2.12~~ 2.21 percent of all Gas received from customers being billed for distribution service on the Transportation Service Rate at the points of receipt to compensate it for the Company's use and lost and unaccounted for Gas on the Company's system ("Allowance for Use and Loss"). Gas received from customers being billed for distribution services on the General Service Rate shall not be subject to this provision. This volume shall not be included in the quantity available for delivery to the customer.
- E. If, in any month, the quantity of Gas received by the Company at the points of receipt, less the Allowance for Use and Loss, is more than the quantity of Gas taken by the customer at the points of delivery, then the difference shall be retained by the Company and delivered to the customer in those succeeding months when the quantity of gas received by the Company is less than the customer's requirements. Such subsequent deliveries to the customer shall be subject to the withdrawal limitations identified on the Transportation Service Rate Schedule. Should the aggregate quantity of gas, less the Allowance for Use and Loss, retained by the Company at any month-end exceed 10% of the Annual Contract Quantity for ST, LT and XLT, or exceed 4% of the Annual Contract Quantity for XXLT, then the Company shall have the right: (1) to refuse to receive any additional quantity of gas for that customer until the Company has satisfied itself that the quantity of gas retained for the customer is less than the Authorized Tolerance Level and (2) to assess the customer a Load Balancing Charge for any month-end balance that exceeds the Authorized Tolerance Level.
- F. After termination of the customer's Gas transportation contract, the customer must withdraw or transfer any Gas retained by the Company within 60 days. If the customer has not withdrawn or transferred all of the Gas retained by the Company within 60 days, the Company will cash out the remaining balance at a rate of \$1.00 per Mcf.

(Continued on Sheet No. E-5.00)

TRANSPORTATION SERVICE RATE
(Rates ST, LT, XLT and XXLT)

Availability

Subject to any restrictions, service under this Rate Schedule is available to any customer that could otherwise purchase gas under another Company Rate Schedule. A customer selecting transportation service, is not eligible to receive Gas under any of the Company's firm Gas sales rates for a minimum period of one year from the date the customer commenced taking Transportation Service.

Service provided to Rate Schedule XXLT is available to customers with an annual minimum throughput of 4,000,000 Mcf, subject to an annual review to ensure the minimum requirement is met. Customers served under the XXLT Rate Schedule will be required to operate at a contracted Authorized Tolerance Level of 4% or less.

Under this Rate Schedule, the Company shall transport Gas for the customer to the interconnections between the Company's facilities and those of the customer (points of delivery) from the interconnections between the Company's facilities and those of a third party that delivers Gas to the Company for redelivery to the customer (points of receipt).

A producer or a broker may contract for service on this Rate Schedule for the transportation of Gas from a wellhead through the Company's system to another pipeline, for the transportation of Gas from one pipeline to another pipeline or for the transportation of Gas from a specified interconnection between the Company's facilities and those of a third party for delivery to a specific customer within the Company's integrated distribution system, provided that all Gas transported for a producer or broker pursuant to this Rate Schedule is consumed in and never leaves the State of Michigan after entering the Company's system.

All customers requesting transportation service under this Rate Schedule shall make written application for such service on a form provided by the Company.

Monthly Rate

	Service category			
	ST	LT	XLT	XXLT
Master <u>Principal</u> Customer Charge	\$890.85 <u>934.33</u> /meter	\$1,584.04 <u>2,432.25</u> /meter	\$15,876.55 <u>17,600.04</u> /meter	\$44,381.36 <u>53,440.97</u> /meter
Contiguous Customer Charge	60.00 /meter	60.00 /meter	60.00/meter	NA
Remote Meter Charge	NA	NA	70.00/meter	70.00 /meter
Transportation Rates	+2162 <u>1.4846</u> /Mcf	+1330 <u>1.3042</u> /Mcf	0.7900 <u>0.9443</u> /Mcf	0.4375 <u>0.5261</u> /Mcf *

*The XXLT Transportation Rate reflects a contracted Authorized Tolerance Level of 4%.

Selection of Service Category and Rates

A customer may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2, Choice of Rates. When the customer is selecting its initial Service Category, the Company must advise them that the estimated economic breakeven point between ST and LT is approximately 100,000 Mcf per year, the estimated economic breakeven point between LT and XLT is approximately 500,000 Mcf per year. The estimated economic breakeven points assume an 8.5% ATL for rates ST, LT and XLT and exclude contiguous customer charges and all surcharges. Economic breakeven points may vary based on the throughput, contracted ATL and number of customer contiguous accounts. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

TRANSPORTATION SERVICE RATE

(Rates ST, LT, XLT and XXL)
(Continued From Sheet No. E-8.00)

Monthly Rate (Contd)

Authorized Gas Usage Charge

A customer may request in advance to purchase authorized Gas in accordance with the Company's Gas Rate Book. The Company may grant such request if sufficient supplies are available. In such instances, the customer shall be billed for such authorized usage at the customer's Designated Sales Rate, plus \$1.00 per Mcf. The customer shall pay \$.10 per Mcf for any unused volume that the customer received authorization to take. The Customer Charge shall be that as contained on the customer's designated service category.

Unauthorized Gas Usage Charge

A customer who has not obtained authorized access to the Company's system supply for such Account(s) shall be billed for unauthorized usage at its Designated Sales Rate plus an Unauthorized Gas Usage Charge. Such Unauthorized Gas Usage Charge shall be the *higher of: a) the highest Midpoint price reported for Michigan or Chicago LDC's during the applicable month as reported by Gas Daily or, in the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service, gas purchase price paid by the Company for gas supply delivered to its citygate during the applicable month, or b) the Company's Gas Cost Recovery (GCR) rate charged to GCR customers during the applicable month;* plus \$10 per Mcf for all Gas taken by the customer in excess of the cumulative volume delivered to the Company (less Gas used by the customer less the Allowance for Use and Loss) on behalf of the customer.

If in any month the customer's usage exceeds the amount of Gas available for use by the customer, the excess amount will be treated as unauthorized gas usage and subject to the "Unauthorized Gas Usage Charge". The amount of Gas available for customer use will be calculated as the amount of gas received by the Company less the allowance for Gas-In-Kind, plus the net effect of any monthly balance transfers, if applicable, plus withdrawal from the customer's storage balance, as defined in Section E4.1E. During the months of November through March withdrawals from the customer's storage balance are limited to 3% of the customer's ACQ.

At the Company's discretion, unauthorized gas usage charges may be waived if the transportation customer experiences an extenuating circumstance or other unusual operating condition that leads to the condition causing the unauthorized charge and meets the following criteria:

- 1.) Transportation customer takes corrective action to ensure the circumstance is corrected
- 2.) Unauthorized use did not occur during the Company's heating season of November through March
- 3.) In lieu of the unauthorized charge, the customer is charged a rate equal to the Company's authorized Gas Usage Charge
- 4.) Transportation customer is responsible for the cost of the gas used
- 5.) The waiving for Unauthorized Usage Charge for extenuating circumstances shall not exceed one every 12 months

Load Balancing Charge

A customer shall be charged \$0.25 per MMBtu for any month-end balance of Gas that exceeds Authorized Tolerance Level (ATL). In addition, there is a 2.0 percent gas-in-kind for fuel used for injection, for any month-end balance of Gas that exceeds the Authorized Tolerance Level and is in excess of the prior month-end balance.

TRANSPORTATION SERVICE RATE
(Rates ST, LT, XLT and XXL)
(Continued From Sheet No. E-9.00)

Monthly Rate (Contd)

Load Balancing Charge (Contd)

ST, LT and XLT customer's ATL shall be 8.5% of the Customer's ACQ unless the customer contracts for a different percent in accordance with the following table. The Transportation Charge shall be adjusted as follows except for Transportation customers served on XXL, where service is offered at 4% ATL or less:

Authorized As a % of ACQ Tolerance Level	ST, LT and XLT Transportation Charge Adjustment	XXLT Transportation Charge Adjustment
2.0%	\$(0.0629) (0.0783) Per Mcf	\$(0.0194) (0.0241)/Per Mcf
4.0%	\$(0.0436) (0.0542) Per Mcf *	No Change*
6.5%	\$(0.0194) (0.0241) Per Mcf	N/A
7.5%	\$(0.0097) (0.0120) Per Mcf	N/A
8.5%	No Change	N/A
9.5%	\$ 0.0097 0.0120 Per Mcf	N/A
10.5%	\$ 0.0194 0.0241 Per Mcf	N/A

*For XXL customers, the 4% ATL adjustment is reflected in their Transportation Rate, therefore there is no additional ATL adjustment required.

The monthly injection of Gas into the customer's ATL shall be at the customer's discretion except in September and October when any monthly injections in excess of 1.43% of the customer's ACQ, will be charged the Load Balancing Charge.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 Days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Metering Requirements

All eligible XLT and XXL customers shall be required to provide, at no expense to the Company, a dedicated telecommunication line(s) as required for metering purposes, to a location specified by the Company. The communication link must be installed and operating prior to a transportation customer receiving service under Service Category XLT or XXL. The customer shall be responsible for (i) ensuring that the communication links allow access to the meter data by the Company and are compatible with the Company's metering and billing systems, and (ii) all associated costs relating to the communication links including other accompanying equipment and monthly fees. The Company shall own and maintain the actual metering equipment and modem.

(Continued From Sheet No. G-3.00)

G2. RECORDS, ACCOUNTING AND CONTROL (Contd)

G2.2 Nominations, Accounting and Control.(Contd)

- C. The Company, at its sole discretion, may require that each Group Administrator shall be responsible for delivering a Minimum Daily Quantity of gas for the Group for the period November through March. This Group Minimum Daily Quantity (GMinDQ) may vary by month and shall be posted on the Company's Informational Posting Website (IPW) as a percentage of the GMDQ by April 1 of each year to be effective for the following November through March period. A Group Administrator that falls short of the GMinDQ shall pay a per MMBtu group failure fee for all shortages in the amount of \$6/MMBtu (\$10.00/MMBtu during periods of Company-declared supply emergency in accordance with Rule C3, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule C7, Gas Cost Recovery Clause and Standard Refund Procedures, or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Trunkline Gas Company, Panhandle Eastern Pipe Line Company, or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs.
- D. The Group Administrator may transfer all or any portion of their gas balance to another Group. The Group Administrator of the Group from whom the gas is transferred shall be charged a \$25 fee. Such transactions are prospective and may not be used to avoid penalties once charged. The Company may, at its sole discretion, allow one transfer of gas per month between Groups. The Group Administrator of the Group to whom the gas is transferred shall be charged a \$500 fee. Such transfers shall be received by the Company prior to 2:00 PM Eastern Clock Time, one business day prior to the last business day of that month.

G3. GAS QUALITY

G3.1 Quality.

The gas delivered to the Company shall meet the following requirements:

- A. Gas shall not contain more than ~~0.005~~ 0.0005 percent (~~50~~ 5 ppm) oxygen by volume;
- B. Gas shall be commercially free from objectionable odors, solid or liquid matter, bacteria, dust, gum or gum-forming constituents which 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;
- C. Gas shall not contain more than 0.25 grain of hydrogen sulphide nor more than 0.5 grain of mercaptan sulfur per 100 cubic feet;
- D. Gas shall not contain more than 5.0 grains of total sulfur (including hydrogen sulphide and mercaptan sulfur) per 100 cubic feet;
- E. Gas shall not at any time have a carbon dioxide content in excess of two percent by volume;
- F. Gas shall not contain an amount of moisture which at any time exceeds seven pounds per million cubic feet;
- G. Gas shall be fully "interchangeable" in accordance with the provisions of AGA Research Bulletin No. 36.;
- H. The temperature of the gas shall not exceed 100° F;
- I. The hydrocarbon dewpoint of the gas shall not exceed 30° F at 500 pounds per square inch.

(Continued on Sheet No. G-5.00)

(Continued From Sheet No. G-4.00)

G4. SERVICE REQUIREMENTS

G4.1 Quantities.

- A. The Group Administrator may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Book, accept quantities of gas up to the GMDQ specified in the Group transportation service contract.
- B. Deliveries to the Company may be made by or on behalf of the Group Administrator at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the Group Administrator and the Company.
- C. The Company shall retain ~~2.24~~ 2.21 percent of all gas received for transportation customers in the Group to compensate it for the Company's use and lost and unaccounted for on the Company's system ("Allowance for Use and Loss"). This volume shall not be included in the quantity available for delivery to transportation customers in the Group.
- D. The amount of gas available for use by the Group will be calculated as the amount of gas received by the Company less the allowance for gas-in-kind, plus the net effect of any balance transfers, plus any withdrawals from the Group's storage balance. For purposes of this calculation, gas transferred to or from another Group or transportation customer during the billing month shall not be considered.

If, in any month, the amount of gas available for use by the Group is more than the quantity of gas taken by the transportation customers enrolled in the Group at their points of delivery, then the difference shall be retained by the Company and delivered to the Group in those succeeding months when the amount of gas available for use by the Group is less than the requirements of those transportation customers enrolled in the Group. Such subsequent deliveries to the Group shall be subject to the withdrawal limitations identified under the Monthly Fees Applicable to the Group Administrator section of the Group Transportation Service Pilot Program. Should the amount of gas available for use by the Group at any month-end exceed the GATL, then the Company shall assess the Group Administrator a Load Balancing Charge for any month-end balance that exceeds the GATL.

- E. In the event of the termination of a Group Administrator's contract, the Group Administrator must transfer any gas retained by the Company to another Group or to a transportation customer taking service under a Transportation Service Rate Schedule within 60 days. If the Group Administrator has not withdrawn or transferred all of the gas retained by the Company within 60 days, the Company will cash out the remaining balance at a rate of \$1.00 per Mcf.
- F. Upon joining a Group, any volumes in the transportation customer's Authorized Tolerance Level balance will transfer into the Group Administrator's Group Authorized Tolerance Level balance. Upon leaving a Group, the transportation customer's Authorized Tolerance Level will follow the transportation customer and the Group Administrator's Group Authorized Tolerance Level will be reduced by the transportation customer's Authorized Tolerance Level.

(Continued on Sheet No. G-6.00)

(Continued From Sheet No. G-5.00)

G4. SERVICE REQUIREMENTS (Contd)

G4.2 Delivery Pressure.

All deliveries of gas by the Group Administrator and the Company shall be made at a pressure sufficient to effect same, provided that neither party shall directly or indirectly cause the other to make such deliveries at a pressure in excess of that which would be a reasonably expected maximum.

G4.3 Shutoff of Service.

The Company shall not be required to perform service under a Group transportation service contract if the Group Administrator has failed to comply with any and all terms of the Group Administrator's contract and the Company's Gas Rate Book.

G5. BILLING

On or before the last Business Day of each calendar month, the Company shall endeavor to render a statement to the Group Administrator for service during the prior calendar month. Such statement will also include any Unauthorized Gas Usage Charges, failure fees, or Load Balancing Charges incurred by the Group.

G6. UNAUTHORIZED GAS USAGE CHARGE

If, in any month, the Group exceeds the amount of gas available for use by the Group, the excess amount will be treated as unauthorized use and be subject to the Unauthorized Gas Usage Charge as designated under the Monthly Fees Applicable to the Group Administrator section of the Group Transportation Service Pilot Program.

G7. CUSTOMER PARTICIPATION IN A GROUP

Transportation customers may elect to participate in the Group Transportation Service Pilot Program, and Group Administrators may solicit transportation customer participation at any time. However, transportation customer enrollments must be received by the Company, in a form acceptable to the Company, by the first business day of the calendar ~~quarter~~ *month 60 days* preceding the customer's enrollment in the Group ~~(January 1 for an April enrollment, April 1 for a July enrollment, July 1 for an October enrollment, or October 1 for a January enrollment). Enrollments shall be processed with an effective date corresponding to the first day of a calendar quarter (January 1, April 1, July 1 and October 1).~~ Each Supplier will be limited to ~~one~~ *three* Groups with a maximum enrollment of 100 contract accounts *per group. A Supplier can select desired ATL for each group.* A customer who is a transportation customer of the Company must comply with all requirements of the Transportation Service Rate Schedule on which it takes service, excluding any penalties for Unauthorized Gas Usage Charges or Load Balancing Charges, which will be the responsibility of the Group Administrator.

The transportation customer's enrollment in a Group shall remain in effect for a period of at least twelve (12) months from the date of the enrollment. During that time, gas delivered to the transportation customer shall be provided to the Company by the Group Administrator of the Group in which the transportation customer is enrolled. A transportation customer enrolled in a Group cannot be enrolled in more than one Group at any time and is not eligible to designate receipts from any source other than the Group in which it is enrolled. The transportation customer's selection of a Group shall be effective until: (i) terminated by the transportation customer or the Supplier, (ii) the Supplier becomes disqualified from participating in the Group Transportation Service Pilot Program, or (iii) the Company receives an enrollment for that transportation customer in another Group. The Company shall incur no liability for relying on information received from a transportation customer or a Group Administrator which the Company believes to be genuine.

Transportation customers may also request to de-enroll in the Group Transportation Service Pilot Program, and those requests for de-enrollment must be received at least 60 days prior to desired effective date. Enrollment will remain in effect through the last day of the calendar month. Customers will transfer to another group or return to the Gas Transportation program effective on the first day of the month following de-enrollment. Customers leaving a Group will not retain any portion of the Group's Authorized Tolerance Level Balance. Upon de-enrollment from the Group Transportation Service Pilot Program, the customer will be subjected to the Company's Transportation Service Rate Schedule.

Customers will have 60 days prior to their desired disenrollment period, and it will take effect on the next billing month

(Continued on Sheet No. G-7.00)

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief.)
_____)

Case No. U-21148

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Crystal L. Chacon, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on June 15, 2022, she served an electronic copy of the **Settlement Agreement** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Crystal L. Chacon

Crystal L. Chacon

Subscribed and sworn to before me this 15th day of June 2022.

Jennifer Joy Yocum

Jennifer Joy Yocum, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 12/17/24
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21148
(Pursuant to the Protective Order Issued 12-27-2021)

Party	Mailing Address	Email Address
Please serve all documents on mpsc.filings@cmsenergy.com as well as the attorneys appearing in this case.		
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* Receives Public Materials

** Receives Confidential Materials

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PROOF OF SERVICE

STATE OF MICHIGAN)

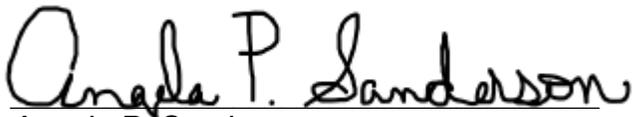
Case No. U-21148

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on July 7, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 7th day of July 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-21148

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