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Timothy J. Lundgren

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June 25, 2019

Ms. Barbara Kunkel
Acting Executive Secretary
Michigan Public Service Commission
7109 W Saginaw Highway
Lansing, MI 48917
P.O. Box 30221
Lansing, MI 48909

Re: MPSC Case No. U-20322

Dear Ms. Kunkel:

Attached for electronic filing in the above-referenced matter, please find the Reply Brief of Energy Michigan, Inc., as well as Proof of Service. Thank you for your assistance in this matter.

Very truly yours,
VARNUM

Timothy J. Lundgren

TJL/sej

Enc.

c. ALJ
Parties of Record

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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-20322

REPLY BRIEF
OF
ENERGY MICHIGAN, INC.

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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-20322**
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REPLY BRIEF OF ENERGY MICHIGAN, INC.

I. INTRODUCTION

This Reply Brief is filed on behalf of Energy Michigan, Inc. (“Energy Michigan”) by its attorneys, Varnum LLP. Failure to address any issues or positions raised by other parties should not be taken as agreement with those issues or positions.

II. ARGUMENT

In their Initial Brief, MPSC Staff address the proposal by Energy Michigan's witness to establish the eligibility requirement for the Rate XXLTL based on the economic breakeven point. See Staff's Initial Brief (public version), p. 108. Staff point out that the Rate XXLTL is not based on the economic breakeven point, but rather, "The purpose of the eligibility requirement is to restrict the rate only to customers who take substantially similar service. That service does not include use of the low-pressure distribution system." *Id.* Energy Michigan concedes that the rate at issue appears to have been designed without an intent to reflect the economic breakeven point. Furthermore, all parties appear to be in agreement that the real purpose and function of Rate XXLTL is to distinguish between customers who make exclusive use of the high-pressure system and those who access the utility's low-pressure system. Energy Michigan does not dispute these conclusions.

For these reasons, Energy Michigan respectfully requests that the Commission require that Consumers Energy set the eligibility requirement for Rate XXLTL to reflect the actual basis for the rate – that is, that it be restricted to customers who make exclusive use of the utility's high-pressure distribution system. Likewise, the artificial 4,000,000 annual Mcf eligibility requirement should be removed. As Staff further discusses, the current size metric is a false one, "This size of the customer alone is not an appropriate metric to support separating customers among rates." *Id.* at 109. Therefore, Energy Michigan requests that the current eligibility requirement based on customer usage be stricken and replaced with language indicating that the rate is available to customers who are making use only of Consumers Energy's high-pressure distribution system. In this way, the eligibility requirement will properly reflect the actual purpose of and basis for the rate, and will be properly set to capture the correct customer group.

III. CONCLUSIONS AND PRAYER FOR RELIEF

WHEREFORE, Energy Michigan hereby respectfully requests that the Commission do the following:

- a) Remove the eligibility requirement for the Rate XXLTL based on 4,000,000 Mcf and replace it with a requirement that the customer be a user only of Consumers high-pressure distribution system.

Respectfully submitted,

Varnum LLP
Attorneys for Energy Michigan, Inc.

June 25, 2019

By: _____

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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-20322

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Sarah Jackinchuk, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on the 25th day of June, 2019, she served an electronic copy of the Reply Brief of Energy Michigan, Inc., as well as Proof of Service upon those individuals listed on the attached Service List via email at their last known addresses.

Sarah E. Jackinchuk

SERVICE LIST
MPSC CASE NO. U-20322

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