

Founded in 1852  
by Sidney Davy Miller



**SHERRI A. WELLMAN**  
TEL (517) 483-4954  
FAX (517) 374-6304  
E-MAIL [wellmans@millercanfield.com](mailto:wellmans@millercanfield.com)

**Miller, Canfield, Paddock and Stone, P.L.C.**

One Michigan Avenue, Suite 900  
Lansing, Michigan 48933  
TEL (517) 487-2070  
FAX (517) 374-6304  
[www.millercanfield.com](http://www.millercanfield.com)

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November 24, 2015

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
Lansing, MI 48917

Re: Michigan Gas Utilities Corporation  
MPSC Case No. U-17880

Dear Ms. Kunkle:

Enclosed for electronic filing is the Settlement Agreement. Also enclosed for electronic filing is the Proof of Service.

Should there be any questions or concerns, please kindly advise.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: \_\_\_\_\_  
Sherri A. Wellman

Enclosure(s)

cc: ALJ Suzanne D. Sonneborn  
Amit T. Singh  
Graham Filler  
Meredith R. Beidler  
Michael Moody  
John A. Janiszewski  
Jennifer Utter Heston  
David J. Kyto  
Katherine A. De Cramer  
Ron Herr  
Koby Bailey  
Jim Schubilske  
Dennis Derricks

SAW/tmb  
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**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter of the application of )  
**MICHIGAN GAS UTILITIES CORPORATION** )  
for authority to increase retail natural gas rates ) Case No. U-17880  
and for other relief.)

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
                        )ss  
COUNTY OF INGHAM )

Theresa M. Briseno, being first duly sworn, deposes and says that on November 24, 2015, she served a copy of the *Settlement Agreement* on the persons below via electronic mail and U.S. Mail as follows:

Amit T. Singh  
Graham Filler  
Meredith R. Beidler  
Assistant Attorneys General  
Public Service Division  
7109 West Saginaw Highway  
3rd Floor  
Lansing MI 48917  
singha9@michigan.gov  
fillerg@michigan.gov  
BeidlerM@michigan.gov

Suzanne D. Sonneborn  
Administrative Law Judge  
Michigan Public Service Commission  
7109 W. Saginaw Hwy.  
Lansing MI 48917  
sonneborns@michigan.gov

Michael Moody  
John A. Janiszewski  
Assistant Attorneys General  
Michigan Department of Attorney General  
Environment, Natural Resources & Agriculture Div.  
P.O. Box 30755  
Lansing MI 48909  
moodym2@michigan.gov  
JaniszewskiJ2@michigan.gov

Jennifer Utter Heston  
Fraser Trebilcock Davis & Dunlap, P.C.  
124 W. Allegan Street  
Suite 1000  
Lansing MI 48933  
JHeston@fraserlawfirm.com

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Theresa M. Briseno

Subscribed and sworn before me  
on this 24th day of November, 2015.

---

Amie L. Sullivan, Notary Public  
State of Michigan, County of Eaton  
My Commission Expires: March 17, 2018  
Acting in Ingham County  
25554467.1\131120-00063

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \* \*

In the matter of the application of )  
**MICHIGAN GAS UTILITIES CORPORATION** )  
for authority to increase retail natural gas rates ) Case No. U-17880  
and for other relief.)

**SETTLEMENT AGREEMENT**

Pursuant to MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System's Administrative Rules, R 792.10431, Michigan Gas Utilities Corporation ("MGUC"), the Michigan Public Service Commission Staff ("Staff"), the Attorney General ("AG"), and the Retail Energy Supply Association ("RESA") agree as follows:

1. On June 22, 2015, MGUC filed its Application, along with supporting testimony, exhibits, and workpapers proposing, among other things, an annual increase in its natural gas base rates of \$6,670,575 based on a 2016 test year.
2. On June 23, 2015, the Commission's Executive Secretary issued the Notice of Hearing scheduling a prehearing conference for July 20, 2015, before Administrative Law Judge Suzanne D. Sonneborn, and directed MGUC to mail and publish the Notice.
3. At the July 20, 2015 prehearing conference, MGUC and Staff participated. The petitions to intervene of the AG and RESA were granted.
4. Subsequent to the prehearing conference, the parties engaged in settlement discussions, which negotiations have led to the understandings incorporated in this settlement agreement.
5. It is the opinion of the parties that this settlement agreement is reasonable, prudent, will aid in the expeditious conclusion of this proceeding and will minimize the expense which would otherwise have to be devoted by the Commission and the parties.

6. This settlement agreement resolves on a final basis all contested issues in this case and all provisions of the settlement agreement are dependent upon all other provisions.

7. By this settlement agreement it is agreed:

- a. MGUC's base rates shall be increased in the annual amount of \$3,400,000, on a service rendered basis, effective on and after January 1, 2016.
- b. If Bonus Depreciation is in effect in 2016, MGUC will establish a Regulatory Liability account to record cost savings arising therefrom. MGUC shall refund the recorded liability in its next general rate case.
- c. MGUC's authorized return on common equity is 9.9%, which results in a calculated overall rate of return of 5.5117%. The authorized overall rate of return is based on a 52% common equity and 48% debt in the capital structure.
- d. MGUC shall allocate the increase in the annual amount of \$3,400,000 on a class-by-class basis in the manner set forth in the tariff sheets attached as Attachment A hereto, as reflective of the percentage rate increases set forth on Attachment B hereto.
- e. MGUC's Manufactured Gas Plant remediation vintage year costs are documented on Attachment C.
- f. Effective on and after July 1, 2016, MGUC will implement Daily Balancing for gas transportation customers, as set forth in Attachment D. Additionally, it is understood that the current tariff language regarding MGUC's aggregation program for transportation customers will remain in place for the 2016 calendar year. However, MGUC has agreed to file an

application with the MPSC seeking to change, effective January 1, 2017, the aggregation tariffs to include a new per-month, cost based meter charge reflective of the installation of new equipment.

- g. MGUC's general rules and changes to miscellaneous charges, as set forth in the tariff sheets attached as Attachment A, are approved effective on and after January 1, 2016. Attachment A also reflects the elimination of the Residential Multiple Family Dwelling Rate Meter Class 1. Effective on January 1, 2016, existing Residential Multiple Family Dwelling Rate Meter Class 1 customers will be moved to MGUC's Residential rate.
- h. MGUC will not have a Revenue Decoupling Mechanism ("RDM") in effect after December 31, 2015. However, it is agreed that MGUC is allowed to file an application to reconcile its existing RDM for the period through December 31, 2015, and implement surcharges/credits as necessary and approved in the reconciliation proceeding.
- i. The Attorney General may seek to initiate a new proceeding before the MPSC to address revisions to MGUC's gas customer Choice program and tariffs, and MGUC will not oppose the initiation of the proceeding.

8. This settlement agreement has been made for the sole and express purpose of reaching a compromise among the positions of the parties. All offers of settlement and discussions relating to this settlement agreement shall be considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties nor the Commission shall make any reference to or use of 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 or use may be made to enforce the settlement agreement and any order approving it.

9. The terms of this settlement agreement are not severable. If the Commission does not accept this settlement agreement without modification this settlement agreement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

10. This settlement agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-17880. 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. Except as otherwise set forth herein, 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 appeals related thereto.

11. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues settled by this settlement agreement without modification.

Dated: November 23, 2015

MICHIGAN GAS UTILITIES CORPORATION  
Sherri A. Wellman  
Digitally signed by: Sherri A. Wellman  
DN: CN = Sherri A. Wellman C = AD O  
= MillerCanfield  
Date: 2015.11.23 11:30:06 -05'00'  
By: \_\_\_\_\_  
One of Its Attorneys  
Sherri A. Wellman (P38989)  
Paul M. Collins (P69719)  
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.  
One Michigan Avenue, Suite 900  
Lansing, Michigan 48933  
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: November 23, 2015

By:

One of Its Attorneys  
Amit T. Singh (P75492)  
Graham Filler (P74995)  
Meredith R. Beidler (P78256)  
Assistant Attorneys General  
Public Service Division  
7109 W. Saginaw Hwy.  
3<sup>rd</sup> Floor  
Lansing MI 48917  
(517) 284-8140

MICHIGAN ATTORNEY GENERAL

Michael Moody

2015.11.23 16:08:25

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Dated: November 23, 2015

By:

One of Its Attorneys  
Michael Moody (P51985)  
John A. Janiszewski (P74400)  
Assistant Attorneys General  
Michigan Department of Attorney General  
Environment, Natural Resources & Agriculture Div.  
525 W. Ottawa Street  
P.O. Box 30755  
Lansing MI 48909  
(517) 373-1123

RETAIL ENERGY SUPPLY ASSOCIATION

Jennifer

Digitally signed by Jennifer  
Utter Heston  
DN: cn=Jennifer Utter Heston,  
o=Fraser Trebilcock, ou,  
email=jheston@fraserlawfirm.  
com, c=US  
Date: 2015.11.23 16:15:02  
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Utter

By: Heston

Its Attorney

Jennifer U. Heston (P65202)  
Fraser Trebilcock Davis & Dunlap, P.C.  
124 W. Allegan, Ste. 1000  
Lansing, MI 48933  
(517) 482-5800

Dated: November 23, 2015

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Continued From Sheet No. C-6.00

### C3. CURTAILMENT OF GAS SERVICE

#### C3.1 Definitions

The following terms used in this rule shall have the meanings hereinafter set forth:

- (a) **Authorized Tolerance Level (ATL) balance** is defined as the cumulative balance of excess deliveries from month to month, up to 5% of the transportation customer's annual contract quantity. Excess deliveries are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a monthly basis.
- (ba) **Capacity deficiency** shall mean emergency situations whereby anticipated load may temporarily exceed the capacity of the Company's pipeline system to deliver volumes commensurate with such load, but such that the full design capacity of the system is unaffected. See Section C3.2(d)(iii) of this rule.
- (eb) **Capacity restriction** shall mean restriction due to force majeure or other damage to the Company's facilities such that the full design capacity of the pipeline system is not available. See Section C3.2(d)(i) of this rule.
- (dc) **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.
- (ed) **Customers**, unless otherwise specified, shall mean sales customers, transportation customers and storage customers.
- (fe) **Deliveries** shall mean both transportation and sales volumes.
- (gf) **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.
- (hg) **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, actions of the government restricting use of the Company's facilities or operations, either Federal or State, civil or military disturbances. Force majeure shall also mean shutdowns for purposes of necessary repairs, relocation, or construction of facilities; inability to maintain sufficient pressure;

Continued on Sheet No. C-8.00

Issued: January 1, 2016  
By: D. M. Derricks  
Director Regulatory Affairs  
Green Bay, Wisconsin

Effective for Service  
On and After: January 1, 2016  
Issued Under Authority of  
Michigan Public Service Commission  
Dated:  
In Case No: U-17880

Continued From Sheet No. C-9.00

### C3.2 Curtailment of Gas Service (Contd.)

#### (b) Steps Prior to Curtailment

When there is adequate time during an emergency situation, and if applicable, the following steps will be implemented by the Company prior to the enforcement of the curtailment plan established by this Rule.

- (i) Curtail deliveries to any customer in excess of volumes allowed under contracts;
- (ii) Implement an Operational Flow Order (OFO). An OFO, as further described in Section C3.2(c), invokes daily balancing upon transportation customers and allows the Company to limit transportation customers' use of their ATL balances and storage customers' daily storage injection/withdrawal volumes to that level authorized by the Company;
- (iii) Implement contingency contracts for emergency gas supply purchases established in advance. Seek to purchase additional gas supplies at prices which shall be regarded as reasonable and prudent under the conditions then existing;
- (iv) Make a public service announcement for voluntarily dial-down actions by system supply customers;
- (v) Ask transportation customers to voluntarily reduce use and/or increase deliveries.

#### (c) Implementation of an Operational Flow Order (OFO)

##### (i) Purpose of an OFO

An OFO may limit the availability of daily balancing services for transportation customers, the use of ATL balances by transportation customers, and the use of daily storage injections/withdrawals by storage customers.

##### (ii) Conditions for Implementation of an OFO

An OFO may only be implemented for any gas day during which one or more of the following conditions exist:

Continued on Sheet No. C-11.00

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Green Bay, Wisconsin

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Continued From Sheet No. C-11.00

### C3.2 Curtailment of Gas Service (Contd.)

#### b) Notification of an OFO (contd.)

If appropriate and available, to monitor the Company's electronic communication system for notice of an OFO. A facsimile or email confirmation sheet to the last facsimile number or email address provided by the customer will be conclusive evidence that the Company provided appropriate notice. The Company will issue notice as soon as possible in advance of the deadline for nominations on the upstream pipelines and in advance of the Company's Gas Track Online nomination deadline as specified on Sheet No. E-5.00. Notice will indicate the period the OFO will be in effect, ~~the restricted daily tolerance level~~ and the need for nomination changes, if necessary, to balance usage with gas deliveries to the Company. OFOs restricting storage service will indicate the authorized injection/withdrawal level. As soon as the Company determines that it is in a position to cancel the OFO, it will notify all affected transportation customers via telephone or facsimile **or** by email after automated email notifications become technically feasible for the Company as to when the OFO is canceled.

#### (v) OFO Conditions

##### a) High Flow Constraint Period

- i). A high flow constraint period can be declared when:
  - 1) The Company determines that distribution capacity limitations will affect the ability to serve customers in a specific geographic area for a specified period; or
  - 2) The Company determines that the expected demand may exceed the expected supply for a specified period.
- ii). When the Company determines that a high flow constraint condition exists, the Company can declare a "High Flow Constraint Period" and customers must limit their consumption. ~~Customers taking service under gas transportation may not consume more gas than their daily delivered supply of gas and adhere to the limitations set on the availability of ATL balances.~~
- iii). The customer shall limit its daily consumption of gas to its total daily delivered supply ~~and ATL limitations~~ until notified by the Company that the "High Flow Constraint Period" has ended.
- iv). Any customer consuming more than its daily delivered supply of gas ~~and ATL limitations~~ on any given day during a "High Flow Constraint Period" shall be deemed to have "Unauthorized Usage". Unauthorized Usage shall be subject to OFO penalty charges as outlined below. The Unauthorized Usage for gas transportation service shall be determined by using the Company's remote meter reading equipment.

Continued on Sheet No. C-12.01

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Green Bay, Wisconsin

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Continued From Sheet No. C-12.00

### C3.2 Curtailment of Gas Service (Contd.)

#### (v) OFO Conditions (Contd.)

##### a) High Flow Constraint Period (Contd.)

- v). For Transportation customers utilizing the Aggregation of Accounts option outlined in section E-5.3 of MGUC's Transportation Tariff, for purposes of determining "Unauthorized Usage" during a "High Flow Constraint Period", the Aggregated Accounts shall be assumed to have consumed the average of their meter read for the period on a daily basis and OFO penalties will be assessed accordingly.
- vi). For each Third Party Pool and/or Stand-Alone customer, on a daily basis during a High Flow Constraint Period, the undertake difference between the entire pool's and/or customer's Adjusted Scheduled Delivered Quantity and the entire pool's and/or customer's actual usage will be divided into two blocks as defined below. The number of Mcf's in each block will be multiplied by the respective rate for that block in accordance with the following table:

Percent Undertake Difference From Adjusted Scheduled Delivered Quantity	Rate Per Mcf
>0.0% up to 10.0%	(See Sheet E-13.00 for current effective rates)
>10.0%	

##### b) Low Flow Constraint Period

- i). A low flow constraint period can be declared when:
  - 1) The Company determines that the expected supply delivered to a geographic area may exceed expected demand for a specified period; or
  - 2) The capacity to manage excess city gate supply is inadequate to manage the expected excess supply delivered by the Company and/or customers; or the Company's gas supply plan may not accommodate unplanned storage injections.
- ii). When the Company determines that a low flow constraint condition exists, the Company can declare a "Low Flow Constraint Period" and customers must consume all gas delivered into the Company's system ~~and adhere to the limitations placed on the availability of ATL balances~~.
- iii). The Company shall require the customer to consume all gas delivered into the Company's system ~~and adhere to ATL limitations~~ each day until they are notified by the Company that the "Low Flow Constraint Period" is ended.
- iv). Any customer consuming less than the amount of gas delivered into the Company's system ~~and delivering volumes in excess of the ATL limitations~~ during a "Low Flow Constraint Period" shall be deemed to have "Excess Deliveries". Excess Deliveries shall be subject to OFO penalty charges as outlined below. The Excess Deliveries for gas transportation service shall be determined using Company remote meter reading equipment.

Continued on Sheet No. C-12.02

Continued From Sheet No. C-12.01

**C3.2 Curtailment of Gas Service (Contd.)****b) Low Flow Constraint Period (Contd.)**

- v). For Transportation customers utilizing the Aggregation of Accounts option outlined in section E-5.3 of MGUC's Transportation Tariff, for purposes of determining "Excess Deliveries" during a "Low Flow Constraint Period", the Aggregated Accounts shall be assumed to have consumed the average of their meter read for the period on a daily basis and OFO penalties will be assessed accordingly.
- vi). For each Third Party Pool and/or Stand-Alone customer, on a daily basis during a Low Flow Constraint Period, the overtake difference between the entire pool's and/or customer's Adjusted Scheduled Delivered Quantity and the entire pool's and/or customer's actual usage will be divided into two blocks as defined below. The number of Mcf's in each block will be multiplied by the respective rate for that block in accordance with the following table:

<u>Percent Overtake Difference From Adjusted Scheduled Delivered Quantity</u>	<u>Rate Per Mcf</u>
<u>&gt;0.0% up to 10.0%</u>	<u>(See Sheet E-13.00 for current effective rates)</u>
<u>&gt;10.0%</u>	

## (vi) Penalties for Violation of an OFO

## a) Unauthorized Usage (High Flow Constraint Period):

After the Company has provided actual notice of implementation of an OFO, any gas usage in excess of the volumes authorized (delivered gas volume ~~plus authorized ATL balance, unless availability of ATL balances is restricted by conditions of the OFO~~) during the period when the OFO has been instituted will be subject to unauthorized usage charges. Such charges shall be in addition to those normal charges made under the applicable rate schedules. The charge for any unauthorized usage shall include both the cost of gas purchased plus \$10 per Mcf, regardless if the Company is assessed any penalties. The cost of gas purchased will be reflected as a sale of gas to the customer and will be the highest Common index price reported during the period of OFO for MichCon, Consumers Energy or Chicago LDCs as reported by Gas Daily on the day the unauthorized usage occurred plus \$10 per Mcf, regardless if the Company is assessed any penalties. The highest Common index price will be at the 75<sup>th</sup> percentile for the day of unauthorized usage. In the event that Gas Daily discontinues its reporting of such prices, any comparable reporting service plus \$10 per Mcf shall apply. In the event that the Company receives a resulting pipeline penalty, the charge for any unauthorized usage by a transportation customer required to operate under the OFO shall be the higher of the penalty assessed by the pipeline (if a customer utilizes multiple pipelines, penalties shall be assessed to the customers utilizing the effected pipeline based upon their portion of the volumes moved on each pipeline) or the index price plus \$10 per Mcf. The Company will make reasonable efforts to avoid or minimize pipeline penalties by attempting to incur the lower of pipeline penalties or the cost of purchasing additional gas. Unauthorized usage charges will be billed separately from any cash-outs of month-end ATL imbalances and will be considered a sale of gas. The unauthorized usage penalty charge of \$10 per Mcf will be billed as a separate line item from the cash-out (commodity) purchased. The volume of gas sold to the customer shall be accredited to the customer assessed the unauthorized usage charge.

Continued From Sheet No. C-12.02

### C3.2 Curtailment of Gas Service (Contd.)

(vi) Penalties for Violation of an OFO (Contd.)

b) Excess Delivery (Low Flow Constraint Period):

Any gas delivered in excess of the metered consumption volumes during the period when the OFO has been instituted will be subject to "Excess Delivery" charges, with such charges being in addition to those normal charges made under the applicable rate schedules. The charge for any excess deliveries shall be \$10 per Mcf, regardless of whether the Company is assessed any penalties. In the event that the Company receives a resulting pipeline penalty, the charge for any excess deliveries by a transportation customer required to operate under the OFO shall be the higher of the penalty assessed by the pipeline (the largest penalty if multiple pipelines are utilized) or \$10 per Mcf. Excess delivery charges will be billed separately from any cash-outs ~~of month-end ATL imbalances. Excess delivery volumes however, will still be considered in the determination of the month-end cash-out of ATL imbalances.~~

c) Extended OFOs:

~~Where an OFO has been imposed for an extended period of fifteen days or more in any thirty (30) day period, the Company will waive the Monthly Cash Out provisions of the Transportation tariff, which prohibit negative imbalances and/or volumes in excess of the ATL, during each month in which the OFO condition ended in which fifteen out of the last thirty days occurred. Such waiver shall permit customers the opportunity to bring their purchased gas within the distribution system back in line with month end tariff limitations. The waiver of the monthly cashout provisions shall cease at the end of the first month in which an OFO was in place for less than fifteen out of the previous thirty days and will correspond with the Company's monthly billing cycles.~~

Corrective actions on the part of the customer beyond those identified in the Company's Rate Book, Section E, Gas Transportation, will need to be discussed with, scheduled with and pre-approved by the Company's Gas Supply department, subject to seasonal restrictions and operational constraints of the system; such approval shall not be unreasonably withheld.

Continued on Sheet No. C-13.00

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By: D. M. Derricks  
Director Regulatory Affairs  
Green Bay, Wisconsin

Effective for Service  
On and After: January 1, 2016  
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Dated :  
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Continued From Sheet No. C-12.03

### C3.2 Curtailment of Gas Service (Contd.)

- (vi) Penalties for Violation of an OFO (Contd.)

d) Trading of Daily OFO Positions:

~~During OFO conditions, for purposes of minimizing exposure to penalties, the Company will permit the trading of daily volumes between customers. Such trades shall be limited to same day events and may also be limited to geographic areas, depending upon the supply conditions of the system. The customer from whom the gas is transferred shall be charged a \$25 fee for each transaction/trade.~~

~~Trades shall be conducted at the end of the month, or upon notification of a "penalty" charge situation and shall be limited to a five day period. The Company will not be responsible for such trades. The trades will be conducted solely between the customers, subject to the Company's approval, which shall not be unreasonably withheld. The Company reserves the right to deny any requested trade that does not meet the Company's distribution system constraints or operating conditions.~~

~~The Company shall provide customers notice of their month end imbalances and OFO penalty conditions in conjunction with their monthly transportation invoice on or about the twenty-second day of each calendar month. Within five business days of receiving such notice, a customer seeking to utilize trades to offset an OFO penalty situation shall provide the Company notice of all requested trades via email, including the day(s) and volume(s). The Company shall notify customers via email by the close of business on the seventh business day after receiving notice of the requested trade whether the proposed trades are accepted or rejected. If rejected, the Company will provide customers with the reason(s) therefore.~~

e) Nominations and Waivers:

The Company reserves the right to reject any nomination on a particular pipeline that does not meet its operational requirements. Rejecting or confirming nominations by the Company does not release the transportation customer/supplier from its obligations under the tariff. Failure to pay an unauthorized usage or excess delivery charge when due shall subject the customer to termination of gas service.

The Company reserves the right to waive, on a non-discriminatory basis, any unauthorized usage charge non-pipeline penalty for violating an OFO if such penalty is the result of actions beyond the customer's control. Penalties collected by the Company will be credited to the Company's booked GCR cost of gas sold.

Continued on Sheet No. C-13.01

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Continued From Sheet No. C-22.00

### C5.3 Liability. (Contd)

(c) Selection of rate.

The Company will endeavor to assist a customer in the selection of the filed rate which may be most favorable to his requirements, but the responsibility for the selection of the rate lies with the customer and the Company makes no warranty, expressed or implied, as to the rates, classifications or provisions favorable to the future service requirements of the customer.

After the customer has selected the rate under which the customer elects to take service, the customer shall not be permitted to change from that rate to another rate until at least 12 months have elapsed. The customer shall not be permitted to evade this rule by temporarily terminating service. However, the Company may, at its option, waive the provisions of this paragraph where it appears that an earlier change is requested for permanent rather than for temporary or seasonal advantage. The effective date of a rate change under this rule shall be the beginning read date of the next bill issued. The intent of this rule is to prohibit frequent shifts from rate to rate.

If a customer is in arrears with the Company, the customer is not eligible to switch rate classifications until arrearages have been paid in full or the Company grants a waiver.

### C5.4 Service charge for reconnection of discontinued service For Non-Payment of Bills (other than theft or tampering).

A charge of **\$50.00** will be collected by the Company to offset the cost of restoring service during regular working hours to any customer whose previous service has been discontinued for nonpayment of bills or for any other breach by the customer of the Company's Rates, Rules and Regulations. If the customer specifically requests restoration of service after regular working hours and the customer is advised of the increased charge, a restoration charge of **\$100.00** shall be collected. This charge shall become part of the customer's arrears and will be subject to the same payment requirements applicable thereto.

### C5.5 Deposits.

A reasonable cash deposit may be required of Residential customers according to Rules 9 and 10 (R460.109 and R460.110) and of Commercial customers according to Rule 13 (R460.2083), unless waived by the Company upon evidence of satisfactory credit in the opinion of the Company or if the account is guaranteed by a responsible party in lieu of deposit. Such guarantee must be in writing and specify maximum amount guaranteed by guarantor. If the customer refuses or fails to pay the required deposit or furnish a guarantor, the Company may withhold its service or discontinue its service. Interest on deposits from Residential customers shall accrue at the rate of seven percent (7%) per annum and shall be credited semi-annually or upon return of the deposit, whichever occurs first. Interest on deposits for Commercial

Continued on Sheet No. C-24.00

Issued: January 1, 2016

By: D. M. Derricks

Director Regulatory Affairs  
Green Bay, Wisconsin

Effective for Service

On and After: January 1, 2016

Issued Under Authority of  
Michigan Public Service Commission

Dated:

In Case No. U-17880

Continued from Sheet No. C-23.00

#### **C5.5 Deposits. (contd.)**

customers shall accrue at the rate of seven percent (7%) per annum and shall be credited semi-annually or upon return of the deposit, provided that such deposit is held at least six (6) months.

#### **C5.6 Meter Reading and Billing Periods.**

Bills shall be rendered once each month as nearly as is possible on a normal monthly period. The term "month" for billing purposes will mean the period between any two consecutive readings to be taken as nearly practicable every 30 days. Reasonable efforts will be made to read the customer's meter at least once in two months on or about the same day of such meter reading month. When, for any reason, an actual meter reading is not obtained, the bill will be estimated on the basis of past service records, adjusted for seasonal variations. When past records are not available, billing will be based upon whatever other data are available. Each account shall be adjusted as necessary each time an actual meter reading is obtained. Bills rendered for gas service for periods when actual meter readings were not obtained, shall have the same force and effect as those based on actual meter readings.

Where the Company renders a bill for an elapsed period other than a regular billing period, the rates and charges will be prorated except that a customer who terminates service less than 28 days after the commencement of service will be billed for a month.

#### **C5.7 Payment of Bills.**

Bills for gas service furnished by the Company are due 21 days for residential customers and 21 days for non-residential customers from the date the bill is mailed (otherwise specified). Bills of the Company for service are payable at any District Customer Service Office or to a duly authorized "Payment Station" of the Company. Payment Stations are authorized to collect a fee from the customer for accepting payments.

#### **C5.8 Delinquent Bills.**

If any bill for gas service remains unpaid for a period of 26 days after it is rendered the Company shall have the right to discontinue such service upon ten days notice in writing of its intentions to so discontinue, and such discontinuance of service may be in effect until such bill has been paid.

#### **C5.9 Charge for Nonsufficient Funds (NSF) Check.**

A charge of **\$25.00** will be levied upon a customer for each check the customer issues the Company in payment for a gas bill when the check is returned to the Company marked NSF or closed account by the financial institution upon which the check is drawn. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

Continued on Sheet No. C-25.00

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Continued From Sheet No. C-24.00

**C5.10 Charge for on-premises collection.**

~~A charge of \$15.00 will be levied upon a customer where it is necessary for the Company to send an employee to the premises of the customer in order to collect that customer's bill. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.~~

**C6. EXTENSION POLICY**

[Rule C6 has been superseded by Rule C11.]

**C7. SERVICE LINES**

[Rule C7 has been superseded by Rule C11.]

Continued on Sheet No. C-26.00

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Continued from Sheet No. C-33.00

## C11. CUSTOMER ATTACHMENT PROGRAM

### (1) Purpose

The Company proposes to make extension of its gas mains and/or service lines from time to time, at its own cost, to serve applicants whose requirements will not disturb or impair the service to prior users or will not require an expenditure out of proportion to the revenue obtainable there from.

The Company reserves the right to delay or deny a request for service under this rule, if fulfilling such a request could, in the Company's opinion, create conditions potentially adverse to the Company or its customers. Such conditions may include, but are not limited to, safety issues, system operating requirements or capital constraints. The provisions under this Rule are in addition to the existing rules and tariffs for customer gas service.

### (2) Customer Contribution

A Customer Contribution shall be required equal to the Connection Fee plus any applicable Fixed Monthly Surcharge plus any Excessive Service Line Fee. The Connection Fee is not considered in the CAP model when calculating the Fixed Monthly Surcharge or Excessive Service Line Fee.

### (3) Payment of Customer Contribution

For all customers other than land developers, and builders, Transportation customers and those designated as Large General Service, the Customer Contribution shall be paid as follows:

The Connection Fee and the Excessive Service Line Fee are payable in lump sum at the time the service agreement is executed by the customer. The Connection Fee is non-refundable. The Excessive Service Line Fee is refundable if the service line has not been installed. If the service line has been installed, the Excessive Service Line Fee is non-refundable. The Fixed Monthly Surcharge shall be payable monthly throughout the surcharge period. The Fixed Monthly Surcharge will commence on the date that the Company installs the meter. 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, termination or denial of natural gas service.

Continued on Sheet No. C-35.00

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#### **C11. Customer Attachment Program (Contd)**

##### **(3) Payment of Customer Contribution (Contd)**

For land developers,and builders, Transportation customers and those customers designated as Large General Service, the Customer Contribution shall be required in a lump sum in advance of the facility expansion.

##### **(4) Connection Fee**

The Connection Fee is equal to \$200.00. The Connection Fee is not considered in the CAP Model when calculating the Fixed Monthly Surcharge or Excessive Service Line Fee.

For customers requesting a multiple metered installation, the Connection Fee shall be \$100 **for each additional account**.

##### **(5) 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 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. 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.

##### **(6) Fixed Monthly Surcharge**

A Fixed Monthly Surcharge (Surcharge) will be calculated for each Customer Attachment Project (Project). The Surcharge will recover the Revenue Deficiency anticipated from the proposed Project. The Surcharge is calculated such that the present value of the anticipated Surcharges collected from the Project will equal the net present value Revenue Deficiency. The Surcharge will be recoverable over a predetermined time period, not to exceed ten years. The Company will be responsible for determining the appropriate Surcharge time period. The Surcharge will be a fixed dollar amount for all customers within the Project and will expire on the same date for all customers within the Project, regardless of when the surcharge was initially assessed to the customer. The Surcharge will not be subject to adjustment, reconciliation or refund. A customer who attaches to a Project after the surcharge period has expired or a customer whose proposed attachment was beyond the scope of the original a Project, will be treated as a separate Project.

Continued on Sheet No. C-36.00

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Continued from Sheet No. C-35.00

### **C11. Customer Attachment Program (Contd)**

#### **(7) Customer Attachment Project**

A Project may consist of a single customer, requiring only the installation of a service line and meter, or may consist of numerous customers requiring the installation of mains, service lines and meters. A Project will generally be defined as a customer or group of customers that may be served from the contiguous expansion of new distribution facilities.

#### **(8) Revenue Deficiency**

A discounted Cost of Service Model (Model) will be used to calculate the Net Present Value (NPV) Revenue Deficiency anticipated from a Project. The Model will use the expected incremental revenues and incremental costs associated with the Project for each year of a twenty year period. From this information an annual net revenue excess or deficiency will be calculated. The annual net revenue excess or deficiency will be discounted and summed to determine the NPV revenue deficiency of the Project. If the NPV revenue deficiency is negative, the discounted revenues exceed the discounted costs, then a NPV revenue deficiency of zero will be used.

#### **(9) 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 customers' annual consumption levels.

##### **Incremental Costs:**

###### **(i) Carrying Cost Rate**

The Carrying Cost Rate will be based on the weighted rate of debt, 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 10.08%.

Continued on Sheet No. C-37.00

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### **C11. Customer Attachment Program (Contd)**

#### (ii) 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.

The facility investment for an individual customer service line will be limited to the greater of 400 feet or 150% of the average length of all service lines within the Project.

#### (iii) 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.

#### (iv) Depreciation

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

#### (v) 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.

#### (vi) Discount Rate

The Discount Rate will be a weighted rate of long-term debt 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-17880 dated November 14, 2013, the Discount Rate is equal to 7.44%.

Continued on Sheet No. C-38.00

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**SECTION D**  
**RATE SCHEDULES**

**D2. SUPPLEMENTAL CHARGES (contd.)**

Continued on Sheet No. D-2.00

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Continued From Sheet No. D-5.00

**D4. RESIDENTIAL RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge:      Daily      \$ 0.4274 per customer, or      Monthly      \$ 13.00 per customer, plus

Distribution Charge  
\$1.5871 per Mcf, plus

Gas Supply Acquisition Charge  
\$ 0.0790 per Mcf (This charge is not applicable to Gas Choice customers or Aggregated Transportation accounts.)

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02.

Seasonal Service Charge

A charge of \$50.00 payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

Minimum Payment Option (MPO):

This option is available for Residential customers who are faced with disconnection of utility service because of past-due utility bills. Customers will be given an option to pay a percentage of the total bill (arrearage and current bill) to avoid disconnection of service. The percentage will begin at 30%. It may increase or decrease for subsequent billing cycles by up to 10% for each succeeding month, but at no time will it exceed 60% of the balance as the minimum amount. If the customer pays the minimum payment option, and the following month the arrears still fall within the disconnection parameters, the customer will be given this minimum payment option again.

The MPO will only be available for the April through September billing cycle. Other payment options include full payment and deferred payment arrangements.

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule C2.7.

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.

Continued on Sheet No. D-7.00

Continued From Sheet No. D-6.00

#### D4. RESIDENTIAL RATE - (General and Heating) (Contd.)

- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

#### RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

#### D5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating)

##### AVAILABILITY

~~Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Standard Rules and Regulations of the Company, service is available under this rate schedule to any of the Company's existing multiple family dwelling customers as of January 5, 1978, for any centrally metered installations containing individual households for residential service. This rate is not available for commercial or industrial service, including swimming pool heater usage.~~

~~Any swimming pool heater usage or other commercial type usage shall be Company submetered or separately metered in order for the customer to remain on this rate schedule. The Company shall furnish the required meter and install it at the customer's expense.~~

##### DEFINITIONS

~~As used in this rate schedule, "residential service" means service to any multiple family dwelling customer for purposes of space heating and other domestic uses. A multiple family dwelling includes such living facilities as, for example, cooperatives, condominiums and apartments; provided, however, in order to qualify for this service, each household within such multiple family dwelling must have the normal household facilities such as bathroom, individual cooking and kitchen sink. A "multiple family dwelling" does not include such living facilities as, for example, penal or corrective institution, motels, hotels, dormitories, nursing homes, tourist homes, military barracks, hospitals, special care facilities or any other facilities primarily associated with the purchase, sale or supplying (for profit or otherwise) of a commodity, product or service by a public or private person, entity, organization or institution; these facilities will be provided service under either the Optional Rate or the General Service Rate.~~

Continued on Sheet No. D-8.00

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Continued From Sheet No. D-7.00

**D5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**RATE**

Customer Charge: (See Sheet No. D-9.00 for meter classifications.)

	<u>Daily</u>		<u>Monthly</u>
Meter Class I	\$ 0.3945 per customer, or	\$ 12.00 per customer, plus	

Distribution Charge: (See Sheet No. D-9.00 for meter classifications.)

Meter Class I      \$1.2243 per Mcf, plus

Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02.

Seasonal Service Charge

A charge of \$55.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

Late Payment Charge and Due Date

A late payment charge of 2%, not compounded, net of sales tax, will be added to any bill which is delinquent. Customers participating in the Winter Protection Plan will not be assessed the late payment charge. The due date shall be 21 days following the date of mailing.

**GAS ALLOCATION PROCEDURE**

This rate schedule is subject to the provisions of Rule C2.7.

Continued on Sheet No. D-9.00

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Continued From Sheet No. D-8.00

**D5. RESIDENTIAL MULTIPLE FAMILY DWELLING RATE - (General and Heating) (Contd)**

**SPECIAL TAXES**

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

**RULES AND REGULATIONS**

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company.

**SPECIAL PROVISIONS**

The Consumer Standards and Billing Practices are not applicable to service under this rate schedule (Case No. U-4240).

**METER CLASSIFICATIONS**

For application of the Monthly Customer Charge under this rate schedule, the Company's gas meters are designated in one of the following classifications:

**Meter Class I**  
(Less than 400 CFH)

- American AL-175-TG
- American 225-TG
- American AL-250-TG
- Rockwell 175-TG
- Rockwell 250-TG
- Rockwell 200-TG
- Sprague 175-TG
- Rockwell 275-TG

Continued on Sheet No. D-10.00

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Continued from Sheet No. D-10.00

## D6. SMALL GENERAL SERVICE RATE - (General and Heating)

### AVAILABILITY

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

### RATE

#### Customer Charge:

<u>Daily</u>	<u>Monthly</u>
\$ <u>1.1507</u> per customer, or	\$ <u>35.00</u> per customer, plus

#### Distribution Charge

\$ 1.5870 per Mcf, plus

#### Gas Supply Acquisition Charge

\$ 0.0790 per Mcf (This charge is not applicable to Gas Choice customers or Aggregated Transportation accounts.)

#### Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

#### Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02.

#### Seasonal Service Charge

A charge of \$50.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

#### Delayed Payment Charge and Due Date

A delayed payment charge of 2%, shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-12.00

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Continued from Sheet No. D-12.00

## D7. LARGE GENERAL SERVICE RATE - (General and Heating)

### AVAILABILITY

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company, service is available under this rate schedule to any non-residential customer for any purpose.

### RATE

#### Customer Charge:

<u>Daily</u>	<u>Monthly</u>
\$ <u>13.9726</u> per customer, or	\$ <u>425.00</u> per customer, plus

#### Distribution Charge

\$ 1.0322 per Mcf, plus

#### Gas Supply Acquisition Charge

\$ 0.0790 per Mcf (This charge is not applicable to Gas Choice customers or Aggregated Transportation accounts.)

#### Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

#### Supplemental Charges:

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02.

#### Seasonal Service Charge

A charge of \$50.00, payable in either a flat amount or three equal installments, will be made to partially cover the cost of restoring service when it has been temporarily discontinued at the customer's request.

#### Delayed Payment Charge and Due Date

A delayed payment charge of 2% shall be applied to the unpaid balance outstanding not compounded, net of sales tax, of any bill which is not paid on or before the due date shown thereon. The due date shall be 21 days following the date of mailing.

Continued on Sheet No. D-14.00

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Continued from Sheet No. D-14.00

## D8. GAS LIGHTING RATE

### AVAILABILITY

Subject to limitations and restrictions contained in orders of the Michigan Public Service Commission in effect from time to time and in the Rules and Regulations of the Company.

Rate Schedule                    Distribution Charge  
Residential -                        \$ 1.5871 per Mcf

Commercial -                        \$ 1.5870 per Mcf

Street Lights - (In accordance with the terms of the service agreement)

Gas Supply Acquisition Charge  
\$ 0.0790 per Mcf

### Gas Cost Recovery Charge

The monthly gas cost recovery charge as set forth on Sheet No. D-2.00.

### Supplemental Charges

This rate is subject to the Supplemental Charges set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02

### RULES AND REGULATIONS

Service under this rate schedule shall be subject to the Standard Rules and Regulations of the Company plus the following condition:

No additional gas burning devices may be attached to the service connection for light(s) served under this rate.

### SPECIAL TAXES

- (1) In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, the standard of rates shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.
- (2) Bills shall be increased to offset any new or increased special tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

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## **E5. TRANSPORTATION SERVICE AND RATES**

### **E5.1 AVAILABILITY.**

This service is available to any customer that could otherwise purchase gas under any of the Company's existing sales tariffs.

The customer must contract for delivery to a specific metering point(s) where the gas will be consumed. Gas transported under this rate may not be resold.

The Customer has agreed to provide a separate telephone line and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. The Customer has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Customer's premises.

Upon request, the Company will make available to the Customer the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. However, such requests do not relieve the customer of the responsibility to balance its gas usage compared to deliveries of supplies into the Company's distribution system when an OFO has been instituted. Should a customer seek real time volumetric flow data, the Company will work with that customer, at the customer's expense for the equipment, to install the appropriate equipment to duplicate invoice quality data.

The Company does not have the obligation to provide GCR sales service until 30 days after notification of the customer's intention to become a sales customer.

The Company makes no guarantee against, and assumes no liability for, interruptions caused by third parties, including suppliers, marketers, producers, and pipelines.

### **E5.2 NATURE OF SERVICE.**

The Company will accept on a firm basis, gas delivered to it on behalf of a transportation customer. The Company will redeliver an amount of gas to the customer containing the equivalent British thermal unit (BTU) content of the gas delivered to the Company on behalf of the customer.

Bills will be rendered on a monthly basis.

Service will be rendered under the terms and conditions contained in this rate schedule and consistent with the Company's Rule E1 - GAS TRANSPORTATION SERVICE RULES.

### **E5.3 AGGREGATION OF ACCOUNTS OPTION.**

A customer receiving gas service at multiple facilities under 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 master account. The master account must be a Transportation Service account (TR-1, TR-2 or TR-3).

Continued on Sheet No. E-13.00

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**F1. GENERAL PROVISIONS (Contd.)**

- (5) **Supplier Pricing:** A Supplier shall be limited to no more than a total of ten (10) Pricing Categories, until such time as the Company's billing system can accommodate additional categories. A Supplier will not be permitted to add more than two (2) Pricing Categories per month, unless prior approval is obtained from the Company. Each month, all customers within a Pricing Category shall be billed the same price, as designated by the Supplier. A Supplier shall pay a monthly Administrative Fee of \$100.00 per Supplier-designated Pricing Category. A "Pricing Category" shall be defined as a pricing pool that assesses the same rate for each of the Company's five operating districts. The Company reserves the right to require additional pools to meet operational requirements.
- (6) **Daily Delivery Obligations:** The Company will provide each Supplier with a monthly schedule of quantities for delivery of gas into the Company system on behalf of the Supplier's customers for each Pricing Category and delivery pools behind each of the Company's five operating districts. Seven (7) business days prior to the end of the preceding month, the Company will issue a Daily Delivery Obligation (DDO). The DDO will establish the anticipated daily quantity of gas to be delivered to the Company at the Point(s) of Receipt designated by the Company. The DDO will generally be based upon the pooled customers' historical use for the prior year, adjusted for the prior year's weather. This schedule may be updated by the Company on a monthly basis. The Company reserves the right to take into consideration the Supplier's cumulative imbalance in determining each month's DDO. The DDO is subject to intra-month changes as operational conditions dictate. If the Company requires an increase or decrease in flow requirements within any month, the Company shall issue a DDO Change Notice to the Supplier as soon as possible but no later than twenty-four (24) hours prior to the start of the Gas Day. The Company shall issue such notices in a non-discriminatory manner. Scheduled daily volumes for GCC customers for electric peakers, greenhouses, grain dryers, asphalt plants and large loads without consistent or historical load information may be determined by the Company on a different basis than set forth above.

A Supplier that fails to deliver the required DDO quantity on any day, shall pay a per MMBtu "Failure Fee" for the difference between the required DDO and the actual amount delivered in the amount of \$6.00 per MMBtu (\$10.00 per MMBtu during periods of Company-declared supply emergency OFO conditions in accordance with Rule C3.2, Curtailment of Gas Service) plus the higher of (a) the cost of gas billed to sales customers pursuant to the Company's Rule C9 or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Panhandle Eastern Pipe Line Company, Trunkline Gas Company, the MichCon index or at Chicago city gate for the corresponding date as published in Gas Daily, plus associated firm pipeline delivery costs. In addition, the Company may assess up-stream penalties to the Supplier to the extent that the Company has identified the Supplier as the cause of the penalty. (Failure Fees collected by the Company shall be reflected as a reduction to the GCR Cost of Gas Sold and identified separately on annual reconciliation reports under Rule C9.)

A Supplier who fails to deliver gas on successive days such that its Failure Fee liability exceeds its cash deposit, letter of credit or surety bond, shall be subject to having its Authorized Supplier status revoked. Subject to Rule C2, Controlled Service, the Supplier's customers shall become sales rate customers of the Company.

Continued on Sheet No. F-3.00

Issued: January 1, 2016  
By: D. M. Derricks  
Director Regulatory Affairs  
Green Bay, Wisconsin

Effective for Service  
On and After: January 1, 2016  
Issued Under Authority of  
Michigan Public Service Commission  
Dated:

Continued From Sheet No. F-2.00

**F1. GENERAL PROVISIONS (Contd.)**

- (7) **Proof Of Capacity:** The Supplier shall be responsible for obtaining sufficient pipeline capacity to meet its delivery obligations.
- (8) Gas delivered into the Company's system shall comply with Rule B1, Technical Standards for Gas Service, Part 8 Gas Quality.
- (9) **Nominations:** Each Supplier shall notify the Company's Gas Transportation Services Department of the daily quantity of gas (in MMBtu) that the Supplier is nominating for delivery on behalf of each Supplier-designated monthly Pricing Category and each associated geographic delivery pool. Such nominations shall be submitted by 11:30 AM Central time prior to the effective day of the proposed delivery.
- (10) **Customer Billing:** All customer billing and remittance processing functions for services provided under Rate CC will be performed by the Company. The Supplier will be charged a monthly fee equal to the First Class postage rate for each customer account. The Company will be responsible for credit and collection activities for the amounts billed directly to the customer by the Company. The Supplier must, at least three business days prior to the start of each billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf or Ccf to be billed to each Supplier-designated Pricing Category on its behalf or the most recently supplied price will be used.

~~When a Supplier has more than one pool and delivers a monthly cumulative amount of gas to the Company that differs from the total DDO's issued by the Company to the Supplier, the Company shall allocate any gas shortages to the highest priced pools first, when making remittances. For any monthly cumulative amounts of gas delivered to the Company in excess of the total DDO's issued by the Company to the Supplier, the Company shall allocate such gas excess to the lowest priced pools first, when making remittances.~~

- (11) **Buy/Sell:** The Company shall remit to the Supplier, approximately 21 business days from the end of each calendar month, an amount for the cost of gas equal to the MMBtu quantities ~~that for each the Supplier's DDO by pricing pool has delivered onto the Company's system~~, multiplied by the price per Mcf converted to MMBtu, billed to the Supplier's customers that month. The amount to be remitted shall be reduced for any applicable Administrative Fees, Billing Fees, and Failure Fees, amounts owed under the annual price reconciliation per Paragraph (12) below and/or other amounts owed to the Company pursuant to the Company's tariff.
- (12) **Annual Reconciliation:** Within 60 working days after the end of the ~~June-March~~ billing cycle, or upon revocation of a Supplier's Authorized Supplier status, the Company will determine if a reconciling adjustment is necessary, both price and volume will be reviewed.

The Company will compare:

- (i) the weighted average price per MCF billed the customer on behalf of the Supplier with the Company's actual weighted average cost of gas (WACOG), and
- (ii) the volumes delivered by the Supplier, converted to Mcf, with the billed customer consumption over the program year.

Continued on Sheet No. F-4.00

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In Case No. U-17880

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Summary of Present and Proposed Revenue by Rate Schedule  
 Including Cost of Gas

<b>Line No.</b>	<b>MGUC Rate Schedule</b>	<b>Current Revenue \$</b>	<b>Proposed Revenue \$</b>	<b>Revenue Increase \$</b>	<b>Revenue Increase %</b>
1	Residential	\$90,572,466	\$93,091,168	\$2,518,702	2.8%
2	Multi-Family Class I to Residential	115,026	124,266	9,239	8.0%
3	General Service - Small	31,465,754	32,054,275	588,521	1.9%
4	General Service - Large	1,306,667	1,331,059	24,392	1.9%
5	Special Contract	88,333	88,354	21	0.0%
6	TR-1 Transport	2,663,138	2,663,138	0	0.0%
7	TR-2 Transport	3,414,111	3,414,111	0	0.0%
8	TR-3 Transport	1,486,015	1,486,015	0	0.0%
9	Aggregated - Residential to Residential	18,446	18,817	370	2.0%
10	Aggregated - Small to General Service - Small	1,582,825	1,588,104	5,279	0.3%
11	Aggregated - Large to General Service - Large	46,671	47,571	900	1.9%
12	Choice - Residential	4,861,967	5,057,543	195,575	4.0%
13	Choice - General Service - Small	2,842,366	2,897,016	54,649	1.9%
14	Choice - General Service - Large	0	0	0	0.0%
15	Choice - Multi-Family - Class I to Residential	10,735	12,904	2,169	20.2%
16	<b>TOTAL MGUC</b>	<b>\$140,474,520</b>	<b>\$143,874,338</b>	<b>\$3,399,818</b>	<b>2.4%</b>

Note: Gas costs are included in both the Current Revenues or the Proposed Revenues above.

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>Residential</b>							
2	Monthly Customer Charge	1,662,660	Bills	\$12.00	\$19,951,920	\$13.00	\$21,614,580
3	Distribution Charge	11,955,890.0	Mcf	1.5945	19,063,667	1.5871	18,975,193
4	Gas Supply Acquisition Charge	11,955,890.0	Mcf	0.0000	0	0.0790	944,515
5	Cost of Gas	11,955,890.0	Mcf	4.3123	51,556,879	4.3123	51,556,879
6	<b>Total Residential</b>				<b>\$90,572,466</b>		<b>\$93,091,168</b>
7							
8	<b><u>Notice Calculation</u></b>						
9	Monthly Customer Charges	12	Bills	\$12.00	\$144	\$13.00	\$156
10	Distribution Charge	86.0	Mcf	1.5945	137	1.5871	136
11	Gas Supply Acquisition Charge	86.0	Mcf	0.0000	0	0.0790	7
12	Cost of Gas	86.0	Mcf	4.3123	371	4.3123	371
13	<b>Total Annual Residential Bill</b>				<b>\$652</b>		<b>\$670</b>
14							
15	<b>Annual Residential Increase</b>					2.8%	<b>\$18.16</b>
16	<b>Monthly Residential Increase</b>					2.8%	<b>\$1.51</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

	(a)  Description	(b)		(c)		(d)		(e)		(f)	
		Billing Determinants		Present		Proposed					
		Quantity	Units	Rate	Revenue	Rate	Revenue				
<b>1 Multi-Family Class I to Residential</b>											
2	Monthly Customer Charge	1,432	Bills	\$12.00	\$17,184	\$13.00	\$18,616				
3	Distribution Charge	17,672.0	Mcf	1.2243	21,636	1.5871	28,047				
4	Gas Supply Acquisition Charge	17,672.0	Mcf	0.0000	0	0.0790	1,396				
5	Cost of Gas	17,672.0	Mcf	4.3123	76,206	4.3123	76,206				
6	Total				<u>\$115,026</u>					<u>\$124,266</u>	
7											
8											
9	<b>Total Multi-Family</b>				<b>\$115,026</b>					<b>\$124,266</b>	

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>1 General Service - Small</b>							
2	Monthly Customer Charge	129,728	Bills	\$33.00	\$4,281,024	\$35.00	\$4,540,480
3	Distribution Charge	4,602,310.0	Mcf	1.5945	7,338,383	1.5870	7,303,866
4	Gas Supply Acquisition Charge	4,602,310.0	Mcf	0.0000	0	0.0790	363,582
5	Cost of Gas	4,602,310.0	Mcf	4.3123	19,846,347	4.3123	19,846,347
6	<b>Total General Service - Small</b>				<b>\$31,465,754</b>		<b>\$32,054,275</b>

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>General Service - Large</b>							
2	Monthly Customer Charge	266	Bills	\$400.00	\$106,400	\$425.00	\$113,050
3	Distribution Charge	224,581.6	Mcf	1.0322	231,813	1.0322	231,813
4	Gas Supply Acquisition Charge	224,581.6	Mcf	0.0000	0	0.0790	17,742
5	Cost of Gas	224,581.6	Mcf	4.3123	968,454	4.3123	968,454
6	<b>Total General Service - Large</b>				<b>\$1,306,667</b>		<b>\$1,331,059</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>Special Contract</b>							
2	Monthly Customer Charge	12	Bills	\$7,244.19	\$86,930	\$7,244.19	\$86,930
3	Distribution Charge	262.5	Mcf	1.0322	271	1.1112	292
4	Gas Supply Acquisition Charge	262.5	Mcf	0.0000	0	0.0000	0
5	Cost of Gas	262.5	Mcf	4.3123	1,132	4.3123	1,132
6	<b>Total Special Contract</b>				<b>\$88,333</b>		<b>\$88,354</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>TR-1 Transport</b>							
2	Customer Charge	1,320	Bills	\$850.00	\$1,122,000	\$850.00	\$1,122,000
3	Distribution Charge - Peak	1,239,055.6	Mcf	0.7777	963,614	0.7777	963,614
4	Off Peak	920,064.1	Mcf	0.6277	577,524	0.6277	577,524
5	<b>Total TR-1 Transport</b>				<b>\$2,663,138</b>		<b>\$2,663,138</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>TR-2 Transport</b>							
2	Customer Charge	504	Bills	\$ 2,250.00	\$ 1,134,000	\$ 2,250.00	\$ 1,134,000
3	Distribution Charge - Peak	2,741,794.2	Mcf	0.4796	1,314,964	0.4796	1,314,964
4	Off Peak	2,928,234.4	Mcf	0.3296	965,146	0.3296	965,146
5	<b>Total TR-2 Transport</b>				<b>\$3,414,111</b>		<b>\$3,414,111</b>

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>TR-3 Transport</b>							
2	Customer Charge	60	Bills	\$ 3,050.00	\$183,000	\$ 3,050.00	\$183,000
3	Distribution Charge - Peak	1,492,247.3	Mcf	0.4651	694,044	0.4651	694,044
4	Off Peak	1,932,626.3	Mcf	0.3151	608,971	0.3151	608,971
5	<b>Total TR-3 Transport</b>				<b>\$1,486,015</b>		<b>\$1,486,015</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	Billing Determinants		Present		Proposed	
		Quantity	Units	Rate	Revenue	Rate	Revenue
<b>1 Aggregated - Residential to Residential</b>							
2 Customer Charge		432	Bills	\$ 12.00	\$5,184	\$ 13.00	\$5,616
3 Distribution Charge		8,317.6	Mcf	1.5945	13,262	1.5871	13,201
4 Gas Supply Acquisition Charge		8,317.6	Mcf	0.0000	0	0.0000	0
5	Total				<b>\$18,446</b>		<b>\$18,817</b>
6							
<b>7 Aggregated - Small to General Service - Small</b>							
8 Customer Charge		5,904	Bills	33.00	\$194,832	35.00	\$206,640
9 Distribution Charge		870,487.9	Mcf	1.5945	1,387,993	1.5870	1,381,464
10 Gas Supply Acquisition Charge		870,487.9	Mcf	0.0000	0	0.0000	0
11	Total				<b>\$1,582,825</b>		<b>\$ 1,588,104</b>
12							
<b>13 Aggregated - Large to General Service - Large</b>							
14 Customer Charge		36	Bills	400.00	\$14,400	425.00	\$ 15,300
15 Distribution Charge		31,264.0	Mcf	1.0322	32,271	1.0322	32,271
16 Gas Supply Acquisition Charge		31,264.0	Mcf	0.0000	0	0.0000	0
17	Total				<b>\$46,671</b>		<b>\$ 47,571</b>
18							
19	<b>Total Aggregated</b>				<b>\$1,647,942</b>		<b>\$1,654,492</b>

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Present and Proposed Revenue Detail Including Cost of Gas

Line No.	Description	(a)		(b)		(c)		(d)		(e)		(f)	
		Billing Determinants		Quantity	Units	Present		Revenue	Proposed		Rate	Revenue	
1	<b>Choice - Residential</b>												
2	Customer Charge			206,632	Bills	\$	12.00	\$2,479,584	\$	13.00		\$2,686,216	
3	Distribution Charge			1,494,125.5	Mcf		1.5945	2,382,383		1.5871		2,371,327	
4		Total						\$4,861,967				\$5,057,543	
5													
6	<b>Choice - General Service - Small</b>												
7	Customer Charge			31,560	Bills		33.00	\$1,041,480		35.00		\$1,104,600	
8	Distribution Charge			1,129,436.5	Mcf		1.5945	1,800,886		1.5870		1,792,416	
9		Total						\$2,842,366				\$2,897,016	
10													
11	<b>Choice - General Service - Large</b>												
12	Customer Charge			0	Bills		400.00	\$0		425.00		\$0	
13	Distribution Charge			0.0	Mcf		1.0322	0		1.0322		0	
14		Total						\$0				\$0	
15													
16	<b>Choice - Multi-Family - Class I to Residential</b>												
17	Customer Charge			396	Bills	\$	12.00	\$4,752	\$	13.00		\$5,148	
18	Distribution Charge			4,886.8	Mcf		1.2243	5,983		1.5871		7,756	
19		Total						\$10,735				\$12,904	
20													
21													
22		<b>Total Choice</b>						\$7,715,069				\$7,967,462	
23													
24	<b>MGUC Totals</b>												
25	Monthly Customer Charge			2,040,942	Bills			\$30,622,690				\$32,836,176	
26	Distribution Charge			31,593,256.3	Mcf			37,402,811				37,261,908	
27	Gas Supply Acquisition Charge			17,710,785.6	Mcf			0				1,327,236	
28	Cost of Gas			16,800,716.1	Mcf			72,449,018				72,449,018	
29		<b>Total MGUC</b>						\$140,474,520				\$143,874,338	

Michigan Gas Utilities Corporation  
Manufactured Gas Plant Remediation Vintage Year Costs

1996	\$ 181,561
1997	86,246
1998	245,430
1999	406,419
2000	370,612
2001	50,000
2002	14,466
2003	43,095
2004	38,636
2005	48,170
2006 (Note 1)	0
2007	1,099,284
2008	629,238
2009	411,235
2010	394,683
2011	1,089,811
2012	425,792
2013 (Note 1)	0
2014 (Note 1)	3,887,126
2015 (Note 2)	695,412

Note 1: Actual expenses offset with insurance recovery funds.

Note 2: Actual Ledger through July 31, 2015.

Continued From Sheet No. E-12.00

## E5. TRANSPORTATION SERVICE AND RATES (Contd)

### E5.3 AGGREGATION OF ACCOUNTS OPTION.

- (b) Only the subsidiary accounts will be eligible for aggregation with the master account. To qualify as a subsidiary account a facility must be served under any of the Sales Service Rates or Transportation Service Rates. The customer, or the customer's agent, must specify which of the other facilities will be designated as a subsidiary account. The customer may designate some or all of its other facilities as subsidiary accounts.
- (c) The facility designated as the 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 master account tariff, except that each subsidiary account will pay the customer charge, distribution charge and all applicable Supplemental charges as set forth on Sheet Nos. D-1.00, D-1.01 and D-1.02 in effect for its designated sales or transportation rate, rather than the customer charge and transportation charge in effect for the master account.

### E5.4 RATES AND CHARGES

	Transportation Service Rate		
Monthly Charges:	TR-1	TR-2	TR-3
Customer Charge - Each Meter	\$ 850.00 / meter	\$ 2,250.00 / meter	\$ 3,050.00 / meter
<b>Transportation Rates:</b>			
Peak (November to March)	\$ 0.7777 per Mcf	\$ 0.4796 per Mcf	\$ 0.4651 per Mcf
Off-Peak (April to October)	\$ 0.6277 per Mcf	\$ 0.3296 per Mcf	\$ 0.3151 per Mcf

Optional Discount Rates - The Company, at its discretion, may negotiate lower rates for individual customers, down to a minimum of \$0.20 per Mcf.

DAILY BALANCING SERVICE	Effective
% Difference From Nomination	Rate Per Mcf
>0.0% up to 8.0%	\$0.2291
>8.0%	\$0.4041

#### Applicable Daily Balancing Charges for Undertake Imbalances during High Flow Constraint Periods and Overtake Imbalances during Low Flow Constraint Periods

	Effective
% Difference From Nomination	Rate Per Mcf
>0.0% up to 10.0%	\$0.0000
>10.0%	\$0.6300

The Company, at its option, may require the installation of a heating value measurement device and the payment by the customer of a \$250.00 monthly heating value measurement charge under the following conditions:

- (a) If the customer refuses to include in its gas transportation service contract a provision that holds the Company harmless for any damages resulting from measuring errors; or
- (b) If the customer demands that heating value measurement equipment be installed.

Continued on Sheet No. E-14.00

Continued From Sheet No. E-13.00

## E5. TRANSPORTATION SERVICE AND RATES (Contd)

### E5.5 GAS COST RECOVERY

Gas transported under this rate is not subject to adjustments for fluctuations in the cost of purchased gas as stated in Rule C9 of the Company's Rules, Regulations, and Rate Schedules, M.P.S.C. No. 2.

### E5.6 SUPPLEMENTAL CHARGES

This rate may be subject to the Supplemental Charges set forth on Sheet No. D-1.00, D-1.01 and D-1.02.

### E5.7 GAS-IN-KIND

The Company shall retain 0.31% of all gas received at the delivery point(s) to compensate it for the company-use and lost-and-unaccounted-for gas on the Company's system. This volume shall not be included in the quantity available for redelivery to the customer.

### E5.8 DAILY BALANCING SERVICE

ANNUAL CONTRACT QUANTITY (ACQ) is defined as the quantity of gas, as specified in the transportation contract between the customer and the Company, that is based on the customer's maximum historical 12-month usage (determined from the customer' 36-month base period) plus adjustments for known or expected changes. The ACQ will be utilized in establishing the customer's Maximum Daily Quantity (MDQ), unless an alternative measure is agreed upon.

ADJUSTED SCHEDULED DELIVERED QUANTITY is defined as the quantity of gas to be delivered to the Company's system on behalf of the customer as reported by the interstate pipeline, adjusted for the difference in MGU's pressure base (14.73/14.65 psia, i.e. 1.0055).

EXCESS DELIVERIES are defined as gas delivered to the Company, on behalf of the customer, less gas in kind and gas redelivered to the customer, on a daily basis.

- (a) All customers taking service under this rate schedule must subscribe to the Company's Daily Balancing Service.
- (b) All customers using the Daily Balancing Service that are not members of a Third Party Pool will be balanced on a stand-alone basis.

Continued on Sheet No. E-14.01

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Continued From Sheet No. E-14.00

**E5. TRANSPORTATION SERVICE AND RATES (Contd.)**

**E5.8 DAILY BALANCING SERVICE (Contd.)**

(d) For each Third Party Pool, on a daily basis, the difference between the entire pool's Adjusted Scheduled Delivered Quantity and the entire pool's actual usage will be divided into two blocks as defined below. The number of Mcf's in each block will be multiplied by the respective rate for that block in accordance with the following table:

1. The Percent Difference From Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the pool's actual daily usage and the pool's Adjusted Scheduled Delivered Quantity and dividing by the pool's Adjusted Scheduled Delivered Quantity.

2. Pool's Percent Difference Between Adjusted

Scheduled Delivered Quantity And Actual Usage	Rate Per Mcf
>0.0% up to 8.0%	(See Sheet No. E-13.00
>8.0%	for current effective rates)

3. The total Daily Balancing charges for a Third Party Pool will be billed directly to the Pool Administrator.

(e) For Stand-Alone Customers, on a daily basis, the difference between each customer's Adjusted Scheduled Delivered Quantity and each customer's actual usage will be divided into two blocks. The number of Mcf's in each block will be multiplied by the respective rate for each block in accordance with the following table:

1. The Percent Difference from Adjusted Scheduled Delivered Quantity is calculated by taking the absolute value of the difference between the actual daily usage for each customer, and the Adjusted Scheduled Delivered Quantity for each customer and dividing by the Adjusted Scheduled Delivered Quantity for each customer.

2. Pool's Percent Difference Between Adjusted

Scheduled Delivered Quantity And Actual Usage	Rate Per Mcf
>0.0% up to 8.0%	(See Sheet No. E-13.00
>8.0%	for current effective rates)

(f) In addition to Daily Balancing charges, all customers and pools taking service under the Company's Daily Balancing Service will be charged their prorated share of interstate pipeline penalties if any such penalties are charged to the Company. The proration of interstate pipeline penalties will not take place if the customer or pool is already paying the Surcharge For Unauthorized Use of Gas on High Flow Constraint Days, or the pipeline penalty rate on Low Flow Constraint Days. Allocation of the charges will be based upon each customer's and/or pool's proportionate share of the imbalance that gave rise to the charges.

Continued on Sheet No. E-14.02

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Continued From Sheet No. E-14.01

## E5. TRANSPORTATION SERVICE AND RATES (Contd.)

### E5.8 DAILY BALANCING SERVICE (Contd.)

- (g) All revenues from the Daily Balancing Service will be reflected in each of the Company's annual Gas Cost Recovery Reconciliation as revenues to be credited to both GCR and GCC customers through the Reservation Charge.

#### DAILY CASH-OUT

1. When usage is more than the Adjusted Scheduled Daily Quantities, on a daily basis, the customer or Pool Administrator shall purchase from the Company the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities at each gate station.

When usage is less than the Adjusted Scheduled Daily Quantities, on a daily basis, the Company shall purchase from the customer or pool the difference between the customer's or pool's actual usage, and the sum of the customer's or pool's Adjusted Scheduled Daily Quantities at each gate station.

The rate for this purchase, by the Company, shall be the lesser of the GCR rate or the Daily Indexed Price of gas commodity as defined under the Indexed Price subsection below, for the day of purchase. The rate for the sale of this gas by the Company to the customer or pool administrator, shall be the greater of the GCR rate or the Daily Index Price of gas commodity as defined under the Indexed Price subsection below for the day of the sale.

The customer or pool administrator shall be allowed to net their imbalance volumes between all gate stations on a pipeline by pipeline basis on the Company's distribution system on a daily basis. The net imbalance volumes will be cashed out daily. Daily cash-out charges, on a pipeline by pipeline basis, will be netted together for purposes of monthly billing.

#### 2. Indexed Price

- a. This index price will be applicable to the daily cash out of imbalances on all pipelines serving the Company's service territory.
- b. The Daily Indexed Price will be the MichCon city-gate price as listed in the Gas Daily plus associated firm pipeline delivery costs. In the event that Gas Daily discontinues its reporting of this price, the Company may substitute a comparable reporting service and/or city-gate pricing index.

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## E5. TRANSPORTATION SERVICE AND RATES (Contd.)

### E5.8 DAILY BALANCING SERVICE (Contd.)

~~POSITIVE IMBALANCE is defined as the balance of excess deliveries of gas to the Company for the month which exceeds the customer's ATL.~~

~~NEGATIVE IMBALANCE is defined as the amount of gas redelivered to the customer in excess of the gas available to the customer during the month. The gas available to the customer during the month is the sum of its gas delivered to the Company, less gas in kind, plus any gas available from its ATL balance.~~

#### ~~CASH OUT AT THE END OF THE MONTH:~~

~~If the customer has a positive imbalance, then the Company will credit the customer's account for the purchase of the imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):~~

<u>% Monthly Nomination</u>	<u>Purchase At</u>
<u>0 - 5%</u>	Average of the Mich Con City Gate Index, for Large End Users, as described below.
<u>ever 5%</u>	Low price for the Mich Con City Gate Index, for Large End Users, as described below.

~~If the customer has a negative imbalance, then the Company will charge the customer's account for imbalance gas in accordance with the schedule below ("% Monthly Nomination" is a percentage of the confirmed nomination amount for the month):~~

<u>% Monthly Nomination</u>	<u>Charge At</u>
<u>0 - 5%</u>	Average of the Mich Con City Gate Index, for Large End Users, as described below.
<u>ever 5%</u>	High price for the Mich Con City Gate Index, for Large End Users, as described below.

~~The index for monthly imbalances is that which appears daily under "Mich Con City Gate Index for large end users" in each Gas Daily during the month. If Gas Daily ceases publication of the index, then the Company will use a replacement index that is representative of Michigan Gas Utilities' market throughout the month, preferably daily. The company will provide prior notice to its customers and to MPSC Staff of a replacement index, and seek agreement from MPSC Staff for use of the replacement index.~~

~~The low price is defined as the lowest daily price that appears in any Gas Daily, that is dated within that month, under MichCon City Gate Index for large end users.~~

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## E5. TRANSPORTATION SERVICE AND RATES (Contd.)

### E5.8 DAILY BALANCING SERVICE (Contd.)

The high price is defined as the highest daily price that appears in any Gas Daily that is dated within that month, under MichCon City Gate Index for large end users.

The average price is defined as the arithmetic average of all of the high and low daily prices that appear in all issues of Gas Daily that are dated within that month under MichCon City Gate index for large end users.

#### IMBALANCE PAPER POOLING OPTIONS:

Any customer or customer's agent that causes multiple deliveries at any receipt point to Michigan Gas Utilities may, for the purposes of daily balancing, pool those deliveries together under the following one of two options:

##### Option A – “Imbalance Trading”.

Deliveries under this option may be pooled, provided that each delivery into the pool is to a customer served solely from the same delivery point.

A customer or the customer's agent who elects Option A, "Imbalance Trading", may transfer a portion of their account balance to another customer, provided that the other customer has also chosen the "Imbalance Trading" option. The customer from whom the gas is transferred shall be charged a \$25.00 fee for each transaction/trade. Such transactions are strictly prospective and may not be used to avoid penalties once charged by the Company.

##### Option B – “Pooling by Pipeline”

Deliveries under this option may be pooled, provided that each delivery into the pool is to a customer or customers that utilize(s) a common Up-stream transportation provider. Customers or the customer's agent(s) who have selected the "Pooling By Pipeline" option may not participate in imbalance trading.

The customer, or an agent acting on the customer's behalf, may select one of these Pooling options for a month provided that it notifies the Company in writing at least thirty (30) ninety (90) days prior to the due date for nominations for the month of effective service. Such notifications must include a listing of the customers to be included in the pool. A customer decision to select one of these pooling options, as well as the allocation method, is binding for that entire month. These This Pooling options does not excuse the customer from its obligations to make timely nominations.

A current transportation customer, or an agent acting on the customer's behalf, must provide supporting paperwork to enroll the customer thirty (30) days prior to the start with a new supplier. A new transportation customer, or agent acting on the customer's behalf, must notify the Company in writing up to sixty (60) days prior to the due date for nomination for the month of effective transportation service to allow sufficient time for installation of new metering equipment as needed.

Deliveries are pooled together by adding the positive and negative imbalances for each customer in the pool. A fee of \$25.00 per month shall be imposed on each imbalance paper pool, with the fee billed to the marketer, broker, or aggregator that is designated as the pool's representative.

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## E5. TRANSPORTATION SERVICE AND RATES (Contd.)

### E5.8 DAILY BALANCING SERVICE (Contd.)

The Pool Administrator will be responsible for determining how any charges or credits will be divided among Third Party Pool members. As soon as the data becomes available to the Company, the Pool Administrator will be given individual Third Party Pool member usage information by the Company for the previous month. The Company will then bill the Pool Administrator. If the Pool Administrator defaults on the payment of any charges, the Company reserves the right to allocate charges to each Pool member and/or the Pool Administrator using its sole discretion.

### E5.9 UNAUTHORIZED USAGE OR EXCESS DELIVERIES WHEN SERVICE IS INTERRUPTED, CURTAILED, OR AN OFO IS IN EFFECT

Penalties for unauthorized usage or excess deliveries by a customer during a period of curtailment, OFO or interruption of gas service shall be assessed charges and cashed-out in accordance with the provisions of the Company's Rule C3.2 - CURTAILMENT OF GAS SERVICE.

### E5.10 AUTHORIZED TOLERANCE LEVEL RESTRICTIONS:

- (a) Monthly withdrawals from storage during February through April will be limited to 3% of the transportation customer's ACQ. Withdrawals in excess of that limit may be authorized but are subject to the Company's sole judgment and prior approval pursuant to appropriate terms and conditions. Without prior approval, if in any month the volume of gas received by the Company, less the allowance for gas in kind plus the 3% of the transportation customer's ACQ is less than the volume of gas taken by the customer at the point of delivery, then all excess ATL delivery volumes above the 3% threshold will be cashed out in accordance with the Negative Imbalance provisions "% Monthly Nomination Over 5%", at the high price for the MichGen City Gate Index.
- (b) Injections into storage during September through November will be limited to no more than 1.0% of ACQ without approval from the Company. Injections during the September through November period which exceed 1.0% shall permit the Company to refuse to receive any additional volume of gas for that customer until the Company has satisfied itself that the volume of gas retained for the customer is less than the ATL. All volumes delivered in excess of the 1.0% of ACQ level will be cashed out in accordance with the Positive Imbalance provisions "% Monthly Nomination Over 5%", at the low price for the MichGen City Gate Index.
- (c) Daily nominations cannot exceed the percentage of expected daily usage that is imposed upon the Company by the Interstate pipelines, without approval of the Company. Nominations that exceed the limitation shall be subjected to overrun charges and imbalance penalties, as imposed by the Interstate pipelines.
- (d) For purposes of this provision (Subsections (a), (b) and (c) above), pooling will be allowed on a supplier by supplier basis at the city gate.

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