#### STATE OF MICHIGAN

#### BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **MICHIGAN GAS UTILITIES CORPORATION** to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016.

Case No. U-20430

At the December 19, 2019 meeting of the Michigan Public Service Commission in Lansing, Michigan.

> PRESENT: Hon. Sally A. Talberg, Chairman Hon. Daniel C. Scripps, Commissioner Hon. Tremaine L. Phillips, Commissioner

#### **ORDER APPROVING AMENDED SETTLEMENT AGREEMENT**

On July 1, 2019, Michigan Gas Utilities Corporation (MGUC) filed its application, with supporting testimony and exhibits, requesting that the Commission: (1) approve its energy waste reduction (EWR) annual report and reconcile its EWR revenues and costs for the 12-month period ended December 31, 2018; (2) authorize it to implement its biennial 2020-2021 EWR plan, including alternative compliance payments; and (3) approve revised EWR surcharges. On September 26, 2019, MGUC filed revised exhibits.

On September 11, 2019, a prehearing conference was held before Administrative Law Judge Kandra K. Robbins. The Commission Staff and MGUC participated in the proceeding. On November 12, 2019, the parties submitted a settlement agreement resolving all issues in the case.

On December 5, 2019, the parties filed an amended settlement agreement, correcting "Attachment 1" to reflect the proper case number.

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

#### THEREFORE, IT IS ORDERED that:

A. The amended settlement agreement, attached as Exhibit A, is approved.

B. The proposed reconciliation of 2018 energy waste reduction plan revenues and costs is approved, and the resulting net underrecovery of \$82,176, shall be reflected as the beginning balance for Michigan Gas Utility Corporation's 2019 energy waste reduction plan reconciliation.

C. Michigan Gas Utilities Corporation's biennial 2020-2021 energy waste reduction plan is approved.

D. The revised surcharges set forth in Attachment 1 to the amended settlement agreement are approved for bills rendered on and after the first billing month following the issuance of this order.

E. Michigan Gas Utilities Corporation shall file with the Commission, within 30 days of the effective date of the surcharges approved by this order, a tariff sheet substantially similar to Attachment 1 to the amended settlement agreement.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at <u>mpscedockets@michigan.gov</u> and to the Michigan Department of the Attorney General – Public Service Division at <u>pungp1@michigan.gov</u>. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

## MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Daniel C. Scripps, Commissioner

Tremaine L. Phillips, Commissioner

By its action of December 19, 2019.

Lisa Felice, Executive Secretary

#### **STATE OF MICHIGAN**

#### **BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **MICHIGAN GAS UTILITIES CORPORATION** to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016.

Case No. U-20430

#### AMENDED SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, 2015 AC, R 792.10431, Michigan Gas Utilities Corporation ("MGUC") and the Michigan Public Service Commission Staff ("Staff"), hereby agree as follows:

1. On July 1, 2019, MGUC filed with the Michigan Public Service Commission ("Commission") its Application, along with the testimony and exhibits of its witness Shannon L. Burzycki, seeking (i) approval of MGUC's Energy Waste Reduction ("EWR") annual report and reconciliation of its EWR costs and revenues pursuant to 2008 PA 295 ("Act 295"), as amended, for the period ended December 31, 2018, (ii) authorization to implement its biennial 2020-2021 EWR plan, including alternative compliance payments, and (iii) approval to revise EWR surcharges. On September 26, 2019, MGUC filed Revised Exhibit A-2 and Revised Exhibit A-3.

2. On August 16, 2019, the Commission's Executive Secretary issued a Notice of Hearing directing MGUC to mail a copy of the Notice of Hearing to all cities, incorporated

villages, townships, and counties in its service area, as well as to intervenors in Case Nos. U-17880 and U-18269. The Commission further directed MGUC to publish the Notice of Hearing in daily newspapers of general circulation throughout its service area. As directed, MGUC filed with the Commission the requisite proofs of publication and mailing on September 10, 2019.

3. Staff began a financial audit of the 2018 plan year collections and costs reconciliation on July 19, 2019. Staff tested the general ledger accounts for surcharge revenue and payments to the administrator to the numbers on the exhibits filed in the case. Staff also sampled bill copies of customers to ensure the appropriate surcharges were billed to specific customer rate classes. The Company was compliant and submitted an annual report which showed the State-Administered Company program was able to exceed the legislative 0.75% savings target by achieving 105% of this target for the program year 2018. The Company requests continued use of the State EWR Plan Administrator and submitted the required intent to participate form for program years 2020 and 2021 with this filing.

4. On September 11, 2019, Administrative Law Judge Kandra K. Robbins presided over a prehearing conference in this matter. Staff entered its Appearance. There were no intervenors.

5. On November 12, 2019, the parties filed a settlement agreement in this case. The Commission's Regulatory Affairs Division ("RAD") noted that the attachment to the filed settlement agreement was not marked "Attachment 1" and the lower right hand footer reflected a prior case number and requested an amended attachment.

6. Therefore, in order to address RAD's request, the parties are submitting the settlement agreement with an amended Attachment 1. This settlement agreement reflects that the

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parties have engaged in settlement discussions and, as a result, have reached agreement on all of the issues in this case. The parties to this settlement agreement agree as follows:

- a. The Company's energy waste reduction plan meets the requirements of Act 295, as amended by Act 342, is reasonable and in the public interest, and should be approved by the Commission;
- b. The Company shall pay to the independent program administrator
  \$3,120,367 in equal monthly amounts for 2020, and \$2,692,546 in equal monthly amounts for 2021 (as the 2021 payment is based on estimated revenues, the total payment may change);
- c. The total 2018 payment of \$2,650,726 to the Independent Program Administrator satisfies the requirements of MCL 460.1091(1);
- d. The proposed reconciliation of 2018 EWR revenues and costs is approved; and the resulting net under-recovery of \$82,176, inclusive of interest through December 31, 2018, should be rolled into the 2019 EWR costs and reconciliation. The 2018 net under-recovery reflects the roll-in of the 2017 under-recovery of \$391,399; and
- e. The proposed revised EWR surcharges incorporated into the tariff sheet attached hereto as Attachment 1, should be approved for bills rendered on and after the first billing month following Commission approval of this settlement agreement.

7. All of the signatories are of the opinion that this settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.

8. This settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

9. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 4 may be made to enforce or implement the provisions thereof in subsequent EWR proceedings.

10. The parties agree to waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding, if the Commission approves this settlement agreement without modification.

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#### MICHIGAN GAS UTILITIES CORPORATION

Dated: December 4, 2019 By:

By:

Sherri Wellman

Digitally signed by: Sherri Wellman DN: CN = Sherri Wellman email = wellmans@millercanfield.com C = AD O = Miller Canfield Date: 2019.12.04 10:44:52 -05'00'

Its Attorney Sherri A. Wellman (P38989) MILLER, CANFIELD, PADDOCK and STONE, P.L.C.

One Michigan Avenue, Suite 900 Lansing, Michigan 48933 (517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Monica M. Stephens 2019.12.05 09:56:58 7 -05'00'

Dated: December 4, 2019

One of Its Attorneys Monica M. Stephens (P73782) Heather M.S. Durian (P67587) Assistant Attorneys General Public Service Division 7109 W. Saginaw Hwy., 3rd Floor Lansing, MI 48917 (517) 284-8140

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Replaces Twenty-Third Revised Sheet No. D-1.00

#### SECTION D RATE SCHEDULES

## D1. GENERAL TERMS AND CONDITIONS OF THE TARIFF

(1) Controlled service.

All rates are subject to all provisions in Rule C2. of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

(2) Territory served.

All rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

### D2. SUPPLEMENTAL CHARGES

Each Rate Schedule may be subject to supplemental charges under Rule C11, Customer Attachment Program, a Reservation Charge and Energy Waste Reduction ("EWR") surcharges required by Public Act 295, as detailed below:

Reservation Charge – this charge allows for the recovery of costs related to the assets necessary to provide peak-day coverage and for the utility to serve as the "supplier of last resort" from Gas Customer Choice program customers, as required by the Commission in Case No. U-15929. For GCR purposes, the Reservation Charge is a component of the Base GCR Factor.

Reservation Charge (As set forth on Sheet No. D-2.00)

ENERGY WASTE REDUCTION Surcharge – this charge permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of rates, to allow for recovery of the payments made by the Company in compliance with Section 91(1) of 2008 PA 295.

Customer Class	EWR Surcharge
Residential	\$ 0.1537 per Mcf
Small General Service	\$ 4.56 per meter, per month
Large General Service	\$ 156.40 per meter, per month
Commercial Lighting	\$ <b>3.06</b> per contract, per month
Special Contracts	\$ 128.93 per month
Transportation -	
TR-1	<b>\$ 41.33</b> per meter, per month
TR-2	\$ 154.78 per meter, per month
TR-3	<b>1,013.65</b> per meter, per month

Continued on Sheet No. D-1.01

Issued: By Theodore Eidukas VP - Regulatory Affairs Milwaukee, Wisconsin Order Dated: Effective for bills rendered On and After: Issued Under Authority of the Michigan Public Service Commission In Case No: U-**20430** 

# PROOF OF SERVICE

STATE OF MICHIGAN )

Case No. U-20430

County of Ingham

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Brianna Brown being duly sworn, deposes and says that on December 19, 2019 A.D. she

electronically notified the attached list of this Commission Order via e-mail transmission,

to the persons as shown on the attached service list (Listserv Distribution List).

Brianna

Subscribed and sworn to before me this 19<sup>th</sup> day of December 2019.

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

Name	Email Address
Heather M.S. Durian	durianh@michigan.gov
Kandra Robbins	robbinsk1@michigan.gov
Michigan Gas Utilities Corporation	mpbaker@michigangasutilities.com
Monica M. Stephens	stephensm11@michigan.gov
Sherri A. Wellman	wellmans@millercanfield.com

## **GEMOTION DISTRIBUTION SERVICE LIST**

ITC

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**Energy Michigan Energy Michigan** Cloverland Cloverland Cloverland Village of Baraga Linda Brauker Village of Clinton **Tri-County Electric Co-Op Tri-County Electric Co-Op Tri-County Electric Co-Op** Citizens Gas Fuel Company **Consumers Energy Company** SEMCO Energy Gas Company Superior Energy Company WEC Energy Group **Upper Peninsula Power Company** Midwest Energy Coop Midwest Energy Coop Alger Delta Cooperative **Cherryland Electric Cooperative Great Lakes Energy Cooperative Great Lakes Energy Cooperative** Stephenson Utilities Department **Ontonagon County Rural Elec** Presque Isle Electric & Gas Cooperative, INC **Thumb Electric Bishop Energy AEP Energy** CMS Energy **Just Energy Solutions Constellation Energy Constellation Energy** Constellation New Energy DTE Energy First Energy My Choice Energy **Calpine Energy Solutions** Santana Energy Spartan Renewable Energy, Inc. (Wolverine Power Marketing Corp) City of Escanaba **City of Crystal Falls** Lisa Felice Michigan Gas & Electric City of Gladstone

## **GEMOTION DISTRIBUTION SERVICE LIST**

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Integrys Group Lisa Gustafson Interstate Gas Supply Inc **Thomas Krichel** Bay City Electric Light & Power Lansing Board of Water and Light Marquette Board of Light & Power Premier Energy Marketing LLC City of Marshall Doug Motley Marc Pauley City of Portland Alpena Power Liberty Power Wabash Valley Power Wolverine Power Lowell S. **Realgy Energy Services Volunteer Energy Services** Hillsdale Board of Public Utilities Michigan Gas Utilities/Upper Penn Power/Wisconsin Direct Energy **Direct Energy Direct Energy Direct Energy** Realgy Corp. Katie Abraham, MMEA Indiana Michigan Power Company Santana Energy MEGA MEGA **ITC Holdings Dickinson Wright** Xcel Energy Matthew Peck **Consumers Energy** MidAmerican Energy Services, LLC MidAmerican Energy Services, LLC MidAmerican Energy Services, LLC Northern States Power Midwest Energy Coop Midwest Energy Coop Midwest Energy Coop **Consumers Energy Consumers Energy** 

# **GEMOTION DISTRIBUTION SERVICE LIST**

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- DTE Energy DTE Energy Xcel Energy Great Lakes Energy Michigan Public Power Agency American Transmission Company American Transmission Company UMERC, MERC and MGU Phil Forner