STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for approval of a temporary waiver of)	Case No. U-20626
Rules 460.2351 and 460.2352 and for approval of)	
alternative natural gas diaphragm and rotary meter)	
testing procedures.)	
)	

At the May 19, 2020 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 SETTLEMENT AGREEMENT

On September 6, 2019, Consumers Energy Company (Consumers) filed an application requesting a waiver of the meter testing requirements in Mich Admin Code, R 460.2351 (Rule 51) and R 460.2352 (Rule 52) of the Technical Standards for Gas Service, along with a request for approval of alternative natural gas diaphragm and rotary meter testing procedures.

A prehearing conference was held on April 2, 2020, before Administrative Law Judge Sally L. Wallace. The Commission Staff also participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Within 30 days from the date of this order, Consumers Energy Company shall file revised tariffs substantially similar to those contained in Attachment 2 of the settlement agreement.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, 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 mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109

W. Saginaw Hwy., Lansing, MI 48917.

	MICHIGAN PUBLIC SERVICE COMMISSION
	Sally A. Talberg, Chairman
	Daniel C. Scripps, Commissioner
	Tremaine L. Phillips, Commissioner
By its action of May 19, 2020.	
Lisa Felice, Executive Secretary	

STATE OF MICHIGAN

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In the Matter of the Application of)	
CONSUMERS ENERGY COMPANY)	
for approval of a temporary waiver of)	Case No. U-20626
Rules 460.2351 and 460.2352 and for)	
approval of alternative natural gas)	
diaphragm and rotary meter)	
testing procedures.)	
)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or the "Commission"), R 792.10431, the undersigned parties agree as follows:

WHEREAS, on September 6, 2019, Consumers Energy Company ("Consumers Energy" or the "Company") filed an Application requesting that the Commission authorize waiver of meter testing requirements in R 460.2351 ("Rule 51") and R 460.2352 ("Rule 52") of the Commission's Technical Standards for Gas Service, approve the continued utilization of alternative Natural Gas Diaphragm Meter Testing Procedures, and approve alternative testing procedures for rotary meters that have capacities of less than 15,000 cubic feet per hour ("Smaller Volume Rotary Meters").

WHEREAS, the initial prehearing conference in this proceeding was held on April 2, 2020 before Administrative Law Judge Sally Wallace. The parties to the case are Consumers Energy and the Commission Staff.

WHEREAS, the testing of natural gas meters is governed by Rule 51 and Rule 52 of the Commission's Technical Standards for Gas Service. Rule 51 requires that periodic tests of

meters, associated devices, and instruments be conducted in accordance with that rule "unless otherwise authorized by the Commission." See R 460.2351(e). With Commission approval, a utility is permitted to implement the natural gas diaphragm meter testing requirements contained in Rule 52 as an alternative to the meter testing requirements in Rule 51. See R 460.2352(1). Prior to the Commission's February 12, 2015 Order Approving Settlement Agreement in Case No. U-17668, the Company followed the meter testing requirements of Rule 52 for the testing of the Company's natural gas diaphragm meters. As an alternative to the Rule 52 testing requirements, the Company proposed in this case the continued utilization of the Natural Gas Diaphragm Meter Testing Procedures as described in Attachment 1 to this Settlement Agreement.

NOW THEREFORE, for purposes of settlement of Case No. U-20626, the undersigned parties agree as follows:

1. Rule 51(e)(iii) requires rotary meters to be tested at least every two years. Consumers Energy indicated that, based on Consumers Energy's experience with Smaller Volume Rotary Meters, these meters are highly accurate and testing the meters every four years will be sufficient to verify accuracy. Consumers Energy typically tests approximately 11,000 rotary meters per year. Pursuant to the requested waiver, Consumers Energy would instead test approximately 5,500 of these meters each year, which will permit Consumers Energy to reallocate its resources to removing and replacing outdated equipment such as meters, stands, regulators, and relief valves. For example, Consumers Energy expects to remove the remaining cast-iron rotary meters and accelerate the replacement of obsolete commercial meter stands if granted the waiver.

- 2. The parties agree that the requirement of Rule 51 to test Smaller Volume Rotary Meters every two years shall be waived until December 31, 2022, and that Consumers Energy shall be permitted to test Smaller Volume Rotary Meters every four years for a period beginning with the date of the Commission's approval of this Settlement Agreement and concluding December 31, 2022.
- 3. Consumers Energy also indicated that continuing the use of the alternative meter testing procedures for natural gas diaphragm meters, as described in Attachment 1 to this Settlement Agreement, will allow the Company to efficiently test meters while maintaining the testing accuracy achieved by the Rule 52 testing requirements. The Company will be able to efficiently identify poorer performing lots of meters for the purposes of removing those meters from service at an accelerated rate. This meter testing approach will reduce the cost and time burdens associated with the Rule 52 meter testing requirements by minimizing the testing of meters that are performing well and eliminating the testing of obsolete meters that will be retired from service. This will allow the Company to focus efforts on those meters performing most poorly in accordance with the testing procedures provided in Attachment 1. The more efficient testing of natural gas diaphragm meters under Attachment 1 will allow the Company to reallocate its resources to focus on other work projects that will provide a benefit to customers such as: the Enhanced Infrastructure Replacement Program; the Customer Attachment Program; Seal for Non-Pay turn-ons; above-grade leaks; walk-leak surveys; leak classifications; meter re-builds; new meter service stands; and meter stand work. Using statistical sampling to test meters also results in fewer customer service interruptions as compared to meter testing under the current requirements of Rule 52.

- 4. The parties agree that natural gas diaphragm meter testing requirements of Rule 52 shall be waived until December 31, 2022, and that Consumers Energy shall be permitted to continue using the Natural Gas Diaphragm Meter Testing Procedures, as provided in Attachment 1 to this Application, as an alternative to Rule 52 for a period beginning with the date of the Commission's approval of this Settlement Agreement and concluding December 31, 2022.
- 5. The parties agree that, for the purposes of R 460.2363 ("Rule 63") of the Commission's Technical Standards for Gas Service, the Company will be considered to have "adopted the requirements of R 460.2352" for the duration of the waiver of the Rule 52 meter testing requirements. Specifically, during the waiver period described in paragraph 2 of this Settlement Agreement, the period that will be used for determining the amount to be refunded to the Company's customers shall be the period of inaccurate meter registration that is determined pursuant to the provisions of R 460.2362(1) and (2). See "Meter Accuracy" on page 4 of Attachment 1 to this Settlement Agreement.
- 6. The parties agree that the Company shall be permitted to amend Section B, Parts 5 and 6, of the Company's Rate Book for Natural Gas Service. The amendments to Section B, Parts 5 and 6, are set forth in Attachment 2 to this Settlement Agreement.
- 7. The parties agree that, for the waiver period described in this Settlement Agreement, the Company shall continue to file reports not later than March 1 of each year that address: (i) the meters that have been tested during the preceding calendar year; (ii) the test plan for the preceding year, including actual quantities removed and tested during that year; and (iii) the proposed test plan for the subsequent calendar year. The specific details of these reports are further explained in Attachment 1 to this Settlement Agreement.

- 8. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this settlement are, and shall be considered, privileged and inadmissible as evidence under Michigan Rule of Evidence 408 in any proceeding of any kind, except as described below. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding.
- 9. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-20626. 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.
- 10. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.
- 11. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

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

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Monica M. Stephens

Digitally signed by Monica M. Stephens Date: 2020.04.24 14:03:03 -04'00'

By:

Monica M. Stephens (P73782) Assistant Attorney General Public Service Division 7109 West Saginaw Highway Post Office Box 30221 Lansing, MI 48909 Date: April 24, 2020

CONSUMERS ENERGY COMPANY

Digitally signed by Gary A. Gensch, Jr. Date: 2020.04.22 16:09:09 -04'00'

By:

Robert W. Beach (P73112) Gary A. Gensch, Jr. (P66912) Attorneys for Consumers Energy Company One Energy Plaza Jackson, Michigan 49201

Date: April 22, 2020

ATTACHMENT 1

MPSC Case No. U-20626

Consumers Energy Natural Gas Diaphragm Meter Testing Procedures

Meter Lots

"Lot" means a group of meters as assigned by the utility according to specified meter characteristics, such as type, make, size, purchase year, or other similar characteristics. All Diaphragm meters will belong to one and only one lot, and will remain in that group until the meter is retired. Lots may be created using different combinations of characteristics within the meter population such as:

- Lot 1 example All meters regardless of manufacturer or model with a capacity of 500 cubic feet per hour or less purchased prior to 1970
- Lot 2 example All American 175 meters purchased between 1980 and 1989
- Lot 3 example All Itron 250RMM meters purchased in 1999
- Lot 4 example Specific serial number range
- Lot 5 example All meters between 501 cubic feet and 1000 cubic feet purchased between 2000 and 2010

Meter Testing

On an annual basis, sample test quantities will be determined based on ANSI/ASQC Z1.9 table A-2, except for lots of smaller quantity which will be sampled at a higher quantity than required by the standard. In addition, for the duration of the Advanced Metering Infrastructure ("AMI") and Automated Meter Reading ("AMR") project deployments, the exchange and testing requirements for lots in which meters reside that are incompatible with an AMI/AMR Gas Communication Module, will comprise the entire removal and testing requirement for those lots, independent of ANSI/ASQC Z1.9 table A-2. Sample quantities required per lot will be as follows:

- o Lot size 50 -1,000 test 50
- o Lot size 1,001-10,000 test 75
- o Lot size 10,000 75,000 test 150

If a lot is smaller than 50 meters and over 10 years old the utility will remove and retire all meters from the lot. Lots will not exceed 75,000 meters.

All meters removed from service from each lot, independent of the reason for removal (i.e. for-cause, companion work order, other CE program etc.), may be utilized to meet the required sample quantities.

Non-registering meters or meters damaged affecting accuracy shall not apply to the sample results.

A meter or an associated metering device, or both, shall be tested after it is removed from service unless it is deemed obsolete. Meters removed from service in excess of the required samples for the lot, due to functional obsolescence, will be retired unless they are returned to service after testing.

A meter test will consist of the following:

- Open Accuracy test requires testing the meters at 80% 100% capacity
- Check Accuracy test requires testing the meter at 20% 35% capacity

The "overall average accuracy" result is calculated as the result of the open accuracy test plus the result of the check accuracy test divided by two. This value will be used to determine a point value for the test.

A "normal" test is one for which the overall average accuracy falls within the acceptable meter accuracy range between 98% and 102%.

"Point value" for a meter, is the numerical equivalent of the accuracy variance from normal, with 1 test point equal to a 1% variance. For example, meter accuracy that is between 104.1% and 105.0% or between 95.0% and 95.9% accurate on test is assigned 3 test points. All meter test results greater than 110% or less than 90% will be assigned 9 test points.

The "average test points" per meter for each lot is calculated by dividing the total number of test points by the total number of tests (not including stuck meters).

If a meter lot has an average test point value greater than 0.3, one of the following actions will be initiated:

- Double the sample size from the preceding previous year
- After doubling the sampling size, the utility may continue to test the meters at the same sample quantity until satisfactory results are achieved or the lot is deemed obsolete
- The lot is deemed obsolete

If more than 10% of the meters tested in a lot have an overall average accuracy greater than 102.0%, 100% of the meters removed in the subsequent year will be tested and will continue to be 100% tested until the results of the testing returns to a level of less than 10% of the tests being greater than 102.0%.

Obsolete Meters

As determined by the utility, a lot of meters may be deemed obsolete due to accuracy issues, defect issues, age or functional obsolescence. If a lot of meters is determined to be obsolete, the lot will be removed from service on a schedule to be determined by the utility. This removal schedule will be provided to the Commission as part of the annual reporting requirement, defined in the reports section below.

If the age of the meters in a lot is 40 years or greater, the lot will be deemed obsolete.

Annual Reports

Not later than March 1 of each year, utilities shall file the following reports, in an acceptable electronic format, with the commission of meters that have been tested the previous calendar year:

Meters that have been tested during the preceding calendar year summarizing all test point values for each lot showing total quantities for each point value.

The test plan for the preceding year including actual quantities removed and tested during that year will contain the following information:

- Lot Number
- Lot Characteristics (Example: Model, Manufacturer and Purchase Year)
- Lot Status (Obsolete Planned Removes, Obsolete Sample Tests, Double Sample Tests, Normal Sample Tests)
- Quantity Installed as of January 1st
- Number of Sample Tests Required for the Previous Year
- Number of Sample Tests Performed
- Previous Year Test Quantity
- Previous Year Total Points
- Average Points Per Meter
- Previous Year Target Quantity for Removal
- Percentage of Total Installed to be Removed
- Actual Quantity of Meters Removed for the Previous year
- Percentage of Total Installed Meters Removed

The proposed test plan for the subsequence calendar year will be submitted with the following information:

- Lot Number
- Lot Characteristics (Example: Model, Manufacturer and Purchase Year)
- Lot Status (Obsolete Planned Removes, Obsolete Sample Tests, Double Sample Tests, Normal Sample Tests)

- Quantity Installed as of January 1st
- Sample Tests Required for the Current Year
- Previous Year Test Quantity
- Previous Year Total Points
- Average Points Per Meter
- Current Year Target Quantity for Removal
- Percentage of Total Installed to be Removed

Meter Accuracy

For the purposes of R 460.2363 ("Rule 63") of the Commission's Technical Standards for Gas Service, which addresses refunds for meter inaccuracy, the Company shall be considered to have "adopted the requirements of R 460.2352" for the duration of the waiver of the Rule 52 meter testing requirements as provided for in Case No. U-20626. Specifically, during the waiver period granted by the Commission in Case No. U-20626, the period that will used for determining the amount to be refunded to the Company's customers shall be the period of inaccurate meter registration that is determined pursuant to the provisions of R 460.2362(1) to (2).

ATTACHMENT 2

MPSC Case No. U-20626

SECTION B ADMINISTRATIVE RULES INDEX

B1. TECHNICAL STANDARDS FOR GAS SERVICE (R 460.2301 - R 460.2383) (FOR ALL CUSTOMERS)

https://dtmb.state.mi.us/ARS_Public/AdminCode/DownloadAdminCodeFile?FileName=1958_2019-061LR_AdminCode.pdf

PART 1. GENERAL PROVISIONS

R 460.2301 Definitions.

R 460.14001 (revised to R460.20101) et seq. are the Michigan Gas Safety Standards. See Rule B9.

R 460.2302 Application, intention, and interpretation of rules; utility rules and regulations.

PART 2. RECORDS, REPORTS, AND OTHER INFORMATION

R 460.2321 Retention of records.

R 460.2501 et seq. are the Rules Pertaining to Preservation of Records of Electric, Gas and Water Utilities. See Rule B8.

R 460.2322 Location of records.

R 460.2323 Reports and records generally.

PART 3. SERVICE REQUIREMENTS

R 460.2331 Sale of gas.

R 460.2332 Permanent service line rules.

Refer to the Company's approved Rule C8, Customer Attachment Program.

R 460.2333 Main extension rules.

Refer to the Company's approved Rule C8, Customer Attachment Program.

R 460.2334 Temporary service.

Refer to the Company's approved Rule C1.4, Unusual Facility Requirements

R 460.2335 Interruptions of service.

R 460.2101 (revised to R 460.101) et seq. are the Consumer Standards and Billing Practices for Electric and Natural Gas Service. R 460.14001 (revised to R 460.20101) et seq. are the Michigan Gas Safety Standards. See Rule B9.

PART 4. ENGINEERING

R 460.2341 Gas facilities; construction and installation. R 460.2342 Standards of accepted engineering practice.

PART 5. INSPECTION OF METERS

R 460.2351 Meters and associated metering devices; inspections and tests.

The Commission granted the Company a waiver of the *Rule 51 meter testing requirements for natural gas rotary meters with capacities of less than 15,000 cubic feet per hour and* Rule 52 meter testing requirements for natural gas diaphragm meters in Case No. U-1766820626. Refer to the procedures approved in the Commission's Order dated February 28, 2017 XXXX XX, 20XX in Case No. U-17668 20626 for the testing requirements of the Company's natural gas diaphragm meters. Pursuant to the Commission's Order in Case No. U-17668-20626, the Company's waiver of the Rule 51 and Rule 52 meter testing requirements shall terminate on December 31, 2019 2022. The requirements of Rule 52 as approved by Commission Order dated December 18, 1984 in Case No. U-8000 shall be in effect after the termination of the waiver granted by the Commission in Case No. U-17668 20626. After the termination of the Company's Rule 51 and Rule 52 waivers, refer to Rule 51 for rotary meters and Rule 52 in conjunction with diaphragm-type meters. Refer to the Company's approved Rule C6, Metering and Metering Equipment.

R 460.2352 Diaphragm-type meters; meter tests; reports.

The Commission granted the Company a waiver of the Rule 52 meter testing requirements for natural gas diaphragm meters in Case No. U-17668 20626. Refer to the procedures approved in the Commission's Order dated February 28, 2017 XXXX XX. 20XX in Case No. U-17668 20626 for the testing requirements of the Company's natural gas diaphragm meters. Pursuant to the Commission's Order in Case No. U-17668-20626, the Company's waiver of the Rule 52 meter testing requirements shall terminate on December 31, 2019 2022. The requirements of Rule 52 as approved by Commission Order dated December 18, 1984 in Case No. U-8000 shall be in effect after the termination of the waiver granted by the Commission in Case No. U-17668 20626. After the termination of the Company's Rule 52 waiver, the following Subrule 7(b) as amended and approved by Commission Order dated December 18, 1984 in Case No. U-8000 applies to the Company: "(7)(b) The number of meters in each meter class tested and found within the norm and within each 1% variance from norm between 90% accuracy and 110% accuracy. Meters that are slower than 90% and faster than 110% shall each be grouped separately."

(Continued on Sheet No. B-2.00)

Issued XXXX XX, 20XX by Patti Poppe, President and Chief Executive Officer, Jackson, Michigan Effective for service rendered on and after XXXX XX, 20XX

Issued under authority of the Michigan Public Service Commission dated XXXX XX, 20XX in Case No. U-20626

(Continued From Sheet No. B-1.00)

B1. TECHNICAL STANDARDS FOR GAS SERVICE (R 460.2301 - R 460.2383) (FOR ALL CUSTOMERS) (Contd) https://dtmb.state.mi.us/ARS_Public/AdminCode/DownloadAdminCodeFile?FileName=1958_2019-061LR_AdminCode.pdf

PART 5. INSPECTION OF METERS (Contd)

R 460.2353 Retirement of meters.

R 460.2354 Accuracy of metering equipment; tests; standards.

R 460.2355 Meter shop; design; meter testing system; standards; handling; calibration cards; calibrated orifices.

R 460.2356 Pressure measurement standards.

R 460.2357 Records; meter tests.

R 460.2358 Records; meter and associated metering device data.

PART 6. BILL ADJUSTMENT; METER ACCURACY

R 460.2361 Bill adjustment; meter accuracy. R 460.2362 Determination of adjustment.

R 460.2363 Refunds.

The Company adopted the requirements of Rule 52 as approved by Commission Order dated December 18, 1984 in Case No. U-8000. Pursuant to the Commission's Order in Case No. U-17668-20626, the Company will be considered to have "adopted the requirements of R 460.2352" for the duration of the waiver of the Rule 52 meter testing requirements which was granted in that proceeding.

R 460.2364 Rebilling.

Refer to the Company's approved Rule C5.2I., Meter Error Nonregistering Meter.

R 460.2365 Consumption data records.

PART 7. SHUTOFF OF SERVICE

R 460.2371 Conditions for establishing gas service; liability; notice and record of inability to establish service; refusal of service to customer using other gaseous fuel; exception.

Refer to the Company's approved Rule C1.3, Use of Service. Refer to the Consumer Standards and Billing Practices for Electric and Natural Gas Service, R 460.145, Applicability.

R 460.2372 Gas facilities hazard.

R 460.2373 Shutoff of service.

Refer to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, Rule B2., R 460.136, Emergency Shutoff. Refer to the Company's approved Rule C5.1, Access to Customer's Premises.

R 460.2374 Customer notification of shutoff of service.

Refer to the (1) Consumer Standards and Billing Practices for Electric and Natural Gas Service, Rule B2, R 460.101a, R 460.136, R 460.137, R 460.138, R 460.139, R 460.140, R 460.141, R 460.142, R 460.143, and (2) Company approved Rule C11, Shutoff of Service.

PART 8. GAS QUALITY R 460.2381 Gas purity.

R 460.2382 Heating value; authorized variations.

R 460.2383 Heating value records; location and accuracy of measuring equipment; frequency of heating value

determination.

(Continued on Sheet No. B-3.00)

Issued XXXX XX, 20XX by Patti Poppe, President and Chief Executive Officer, Jackson, Michigan Effective for service rendered on and after XXXX XX, 20XX

Issued under authority of the Michigan Public Service Commission dated XXXX XX, 20XX in Case No. U-20626

PROOF OF SERVICE

STATE OF MICHIGAN)		
			Case No. U-20626
County of Ingham)		

Brianna Brown being duly sworn, deposes and says that on May 19, 2020 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).

Brianna Brown

Subscribed and sworn to before me this 19th day of May 2020.

Angela P. Sanderson

Notary Public, Shiawassee County, Michigan

As acting in Eaton County

My Commission Expires: May 21, 2024

Service List for Case: U-20626

Name Email Address

Consumers Energy Company 1 of 2 Consumers Energy Company 2 of 2 Gary A. Gensch Jr. Monica M. Stephens Robert W. Beach Sally Wallace mpsc.filings@cmsenergy.com michael.torrey@cmsenergy.com gary.genschjr@cmsenergy.com stephensm11@michigan.gov robert.beach@cmsenergy.com wallaces2@michigan.gov