

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-20431
SEMCO ENERGY, INC. , to fully comply with)	
Public Act 295 of 2008, as amended by)	
Public Act 342 of 2016.)	
_____)	

At the September 10, 2020 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

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

ORDER APPROVING SETTLEMENT AGREEMENT

On June 28, 2019, SEMCO Energy Gas Company (SEMCO), a division of SEMCO Energy, Inc., filed an application, with supporting testimony and exhibits, requesting approval of its biennial 2020-2021 energy waste reduction plan (EWRP), pursuant to Public Act 295 of 2008, as amended by Public Act 342 of 2016. On December 6, 2019, the Commission issued an order approving a settlement agreement and SEMCO's 2020-2021 EWRP.

On June 3, 2020, SEMCO filed an application to amend its 2020-2021 EWRP, with supporting testimony and exhibits, pursuant to MCL 460.1073(4). An initial prehearing conference was held before Administrative Law Judge Kandra K. Robbins on August 20, 2020. SEMCO and the Commission Staff participated in the proceeding. Also on August 20, 2020, the parties submitted a settlement agreement resolving all issues in this case.

The Commission has reviewed the August 20, 2020 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 August 20, 2020 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 August 20, 2020 settlement agreement, attached as Attachment 1, is approved.
- B. SEMCO Energy Gas Company shall file, within 30 days of this order, tariff sheets substantially similar to those set forth in Exhibit D to the settlement agreement.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, 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 notification should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Sally A. Talberg, Commissioner

Tremaine L. Phillips, Commissioner

By its action of September 10, 2020.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-20431
SEMCO Energy, Inc., to fully comply with Public Act 295)	
of 2008, as amended by Public Act 342 of 2016.)	
_____)	

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended, MCL 24.278, and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("Commission" or "MPSC"), R 792.10431, SEMCO Energy Gas Company ("SEMCO Gas") and Commission Staff stipulate and agree as follows:

WHEREAS, this Settlement Agreement between SEMCO Gas and Commission Staff (collectively, the "Parties") is intended to amend the identified portions of SEMCO Gas's 2020-2021 Energy Waste Reduction Plan ("EWRP").

WHEREAS, the proposed amendments to SEMCO Gas's 2020-2021 EWRP are a direct response to the worldwide Pandemic caused by the Novel Coronavirus ("COVID-19" or "Pandemic"). SEMCO Gas proposes changes to address both the projected energy savings shortfall expected as a direct result from the impacts of the Pandemic, as well as to mitigate the financial burden on its most vulnerable customers.

WHEREAS, the proposed amendments to SEMCO Gas's 2020-2021 EWRP provide the framework to overcome the impacts of financial hardship caused by the Pandemic and introduce new ways to engage with customers that do not require entry into their homes. The proposed amendments add enough dimension and flexibility to better address these impacts as they arise.

WHEREAS, on June 28, 2019, SEMCO Gas filed an application with the Commission in Case No. U-20431 requesting approval of its 2020-2021 EWRP, pursuant PA 295, as amended by PA 342.

WHEREAS, on December 6, 2019, the Commission issued an Order (“December 6 Order”) approving a Settlement Agreement in Case No. U-20431 that resolved all issues in SEMCO Gas’s 2020-2021 EWRP.

WHEREAS, on June 3, 2020, SEMCO Gas filed an Application to Amend its 2020-2021 EWRP with supporting testimony and exhibits pursuant to MCL 460.1073(4). SEMCO Gas’s Application to Amend continues to support fundamental proposals approved in the December 6 Order.

WHEREAS, the Parties have agreed to enter into a full settlement of this matter, and request that the Commission enter an order accepting and approving SEMCO Gas’s EWRP subject to the proposed amendments set forth in this Settlement Agreement.

NOW THEREFORE, for purposes of settling SEMCO Gas’s Application to Amend its 2020-2021 EWRP, the Parties agree as follows:

1. A prehearing conference was held on August 20, 2020, before Administrative Law Judge Kandra Robbins (“ALJ”). SEMCO Gas presented proof of compliance with the Commission’s order to cause a Notice of Hearing to be published in general circulation newspapers and filed an Affidavit of Publication indicating that it did so.

2. This proceeding was conducted pursuant to Section 73(4) of Act 295, as amended by PA 342, MCL 460.1073(4), which sets forth the process for amending and approving a utility’s EWRP at a time other than during the biennial review. Only Commission Staff and SEMCO Gas participated in this proceeding. No other parties sought to intervene or otherwise participate.

3. In response to SEMCO Gas’s Application to Amend, Commission Staff thoroughly reviewed the filing, including the prefiled direct testimony and exhibits of SEMCO Gas’s witnesses. The result of that review and the settlement discussions is this executed Settlement Agreement.

4. The following proposed amendments to SEMCO Gas’s 2020-2021 EWRP are reasonable and should be approved by this Settlement Agreement and attachments hereto:

- a. SEMCO Gas will spend an additional \$4 million over 2020 and 2021 to support its proposed EWR stimulus plan. See **Exhibit A** – Updated EWR Savings and Budget for 2020-2021. SEMCO Gas plans to target spending these additional funds during the 2020-2021 heating season; therefore, any unspent or uncollected funds in the 2020 program year would carryover by customer class into 2021 to be spent. The breakdown of the updated EWR energy savings targets for 2020-2021 are outlined in **Exhibit B**. Although SEMCO Gas plans to spend the vast majority of the increase during the heating season, the cost recovery will continue through the end of 2021 to lessen the monthly burden on customers.
- b. SEMCO Gas will implement a separate, reduced low-income surcharge for customers enrolled in either of SEMCO Gas’s Low-Income Assistance Credit (“LIAC”) or the Residential Income Assistance credit (“RIA”) programs. This is designed to lower the financial burden on low-income customers, which will lower the EWR monthly surcharge on their bill since they will only be paying for the cost of the Income-Qualified (“IQ”) program. In addition, SEMCO Gas anticipates an increase in eligible households to its existing IQ program and plans to dedicate 15% of the increased budget to IQ programming.
- c. SEMCO Gas will work with implementation contractors to enhance key core rebate offerings, marketing and outreach, and income-qualified program reach. Although planned modifications to the EWR programs are specifically outlined, SEMCO Gas will remain flexible in EWR programming in order to best utilize the additional funds in an effort to achieve the EWR program goals.
- d. SEMCO Gas will implement a new Home Energy Report (“HER”) program in the additional budget request. SEMCO Gas will work with OPOWER to deliver and manage this program, which would be offered in conjunction with DTE Electric Company’s (“DTE

Electric”) HER program in overlapping service territories. SEMCO Gas is planning to work with OPOWER and DTE Electric to identify existing overlap with DTE Electric’s electric-only customers that receive HERs to also provide natural gas savings information on these reports. In order to scale this program to be cost-effective, SEMCO Gas will also include approximately 125,000 gas-only customers in the HER program. This program is being pursued at this time as a means to reach customers during a time that physical entry into homes is extremely limited. The inclusion of this program also brings confidence that SEMCO Gas will diversify the EWR program’s reach, despite traditional entry points being stalled.

- e. SEMCO Gas should be authorized to implement minor revisions to the Financial Incentive Mechanism from Case Nos. U-20431 and U-20710. See **Exhibit C** – Updated Financial Incentive Mechanism for 2020-2021. SEMCO Gas proposes to modify the rate to which the financial incentive can be earned in the Annual First Year Savings goal column. This proposal meets statutory requirements of PA 298 and 342, while accelerating the rate of increase in-between tiers.
- f. SEMCO Gas should be authorized to revise EWR surcharges designed to recover the costs of the EWRP as shown in the revised tariff sheets attached hereto in **Exhibit D**, subject to the annual reconciliations required under PA 295 and PA 342.

5. Commission Staff’s review of SEMCO Gas’s Application to Amend determined that SEMCO Gas’s EWRP, including the revised surcharges designed to recover the costs of the Amended EWRP and the methodology used in calculating the Amended EWR performance incentive mechanism, is reasonable, prudent, and consistent with both PA 295’s and PA 342’s requirements.

6. In view of the foregoing, and pursuant to Section 78 of the APA, MCL 24.278, the Parties hereby stipulate and agree that the Commission should:

- a. Accept the Amended EWRP, consisting of the application and prefiled testimony and exhibits in this case.
- b. Determine that the Amended EWRP is reasonable and prudent and that it meets all of PA 295’s requirements as well as those amended by PA 342.

- c. Approve the requested methodology used in calculating the amended EWR performance incentive mechanism set forth in **Exhibit C**.
- d. Approve the revised EWRP surcharges and tariff sheets set forth in **Exhibit D**.

7. The Parties agree that this Settlement Agreement is reasonable, in the public interest, consistent with applicable law, and will aid in the expeditious conclusion of the issues in this matter. The Parties, therefore, respectfully request that the Commission promptly issue an order accepting and approving this Settlement Agreement pursuant to MCL 460.1073(4).

8. This Settlement Agreement has been made for the sole and express purpose of reaching compromise among the Parties' positions. All settlement offers and discussions relating to this Settlement Agreement shall be considered privileged as provided in MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this Settlement Agreement nor the Commission shall use, reference, cite, discuss, or rely upon it for any reason or purpose other than to enforce the Settlement Agreement and Order in the case the Settlement Agreement and Order was entered.

9. Section 81 of the Administrative Procedures Act of 1969 is waived by the Parties.

10. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of the Settlement Agreement. Failure to comply with any provision of the Settlement Agreement constitutes a failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, the Settlement Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose. The Parties agree not to appeal or otherwise contest any Commission order accepting and approving this Settlement Agreement without modification.

11. Consistent with Rule 431 of the Commission's Rules of Practice and Procedure, R. 792.10431, the Parties agree that this Settlement Agreement, and the Order approving it, shall not be used as precedent in future proceedings except for the enforcement of the Order. This Settlement Agreement is based on the facts and circumstances of this matter and is solely intended as the final disposition of SEMCO Gas's Application to Amend in Case No. U-20431.

Dated: _____

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

**Benjamin J.
Holwerda**

Digitally signed by Benjamin J.
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Date: 2020.08.20 14:39:30
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Dated: August 20, 2020

SEMCO ENERGY GAS COMPANY

**John A.
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2020 Energy Waste Reduction Savings and Budget Summary

Case No. U-20431

ENERGY WASTE REDUCTION PROGRAM		2020 Forecast					
Portfolio Category	Program Portfolio	USRCT Actual*	CCE \$/CCF*	Adj. First Year Therm Savings	Adj. Lifetime Therm Savings	Program Budget	Program Forecasted Spend
Income Qualified	Income Qualified			96,064	1,180,715	\$ 1,408,379	\$ 1,407,980
	Community Action Agency IQ			28,993	484,699	\$ 400,658	\$ 400,658
	SEMCO IQ			49,098	600,789	\$ 62,963	\$ 62,963
	Evaluation					\$ 30,360	\$ 30,360
	SEMCO Administration					\$ 59,400	\$ 59,400
	MCAAA					\$ 9,600	\$ 9,600
	Performance Incentive-CLEAResult					\$ 144,000	\$ 144,000
	Subtotal - Income-Qualified Solutions	0.36	\$ 0.90	174,155	2,266,203	\$ 2,115,360	\$ 2,114,961
Residential	Home Performance w/ ENERGY STAR			1,867,927	24,911,426	\$ 6,328,940	\$ 6,328,065
	Home Energy Reports - SEMCO			481,950	481,950	\$ 316,036	\$ 316,036
	Pilots			105,105	1,355,665	\$ 409,500	\$ 409,500
	Education			63,063	63,063	\$ 245,700	\$ 245,688
	Evaluation					\$ 134,090	\$ 134,090
	SEMCO Administration					\$ 262,350	\$ 262,350
	MCAAA					\$ 42,400	\$ 42,400
	Subtotal - Residential Solutions	1.15	\$ 0.29	2,518,045	26,812,104	\$ 8,375,016	\$ 8,374,129
Commercial & Industrial	Prescriptive & Custom			3,194,970	46,105,325	\$ 3,447,024	\$ 3,446,605
	Pilot			169,495	2,186,186	\$ 220,500	\$ 220,500
	Education			101,697	101,697	\$ 132,300	\$ 132,300
	Evaluation					\$ 88,550	\$ 88,550
	SEMCO Administration					\$ 173,250	\$ 173,250
	MCAAA					\$ 28,000	\$ 28,000
	Performance Incentive-CLEAResult					\$ 420,000	\$ 420,000
	Subtotal - Business Solutions	3.40	\$ 0.09	3,466,163	48,393,208	\$ 4,509,624	\$ 4,509,205
2019 Program Totals		1.89	\$ 0.17	6,158,363	77,471,515	\$ 15,000,000	\$ 14,998,295

*USRCT and CCE scores are calculated on the cumulative 2020-2021 Plan, not individual plan years.

2021 Energy Waste Reduction Savings and Budget Summary

Case No. U-20431

ENERGY WASTE REDUCTION PROGRAM		2021 Forecast					
Portfolio Category	Program Portfolio	USRCT Actual*	CCE \$/CCF*	Adj. First Year Therm Savings	Adj. Lifetime Therm Savings	Program Budget	Program Forecasted Spend
Income Qualified	Income Qualified			94,475	1,165,387	\$ 1,360,397	\$ 1,364,286
	Community Action Agency			27,050	445,839	\$ 354,426	\$ 354,426
	SEMCO IQ			50,368	619,844	\$ 85,177	\$ 85,177
	Evaluation					\$ 33,600	\$ 33,600
	SEMCO Administration					\$ 63,600	\$ 63,600
	MCAAA					\$ 9,600	\$ 9,600
	Performance Incentive-CLEAResult					\$ 144,000	\$ 144,000
	Subtotal - Income-Qualified Solutions	0.36	\$ 0.90	171,893	2,231,070	\$ 2,050,800	\$ 2,054,689
Residential	Home Performance w/ ENERGY STAR			1,945,732	26,605,289	\$ 5,930,082	\$ 5,929,162
	Home Energy Reports - SEMCO			751,275	751,275	\$ 443,198	\$ 443,198
	Pilots			127,126	1,483,220	\$ 422,500	\$ 422,500
	Education			76,275	76,275	\$ 253,500	\$ 253,500
	Evaluation					\$ 148,400	\$ 148,400
	SEMCO Administration					\$ 280,900	\$ 280,900
	MCAAA					\$ 42,400	\$ 42,400
	Subtotal - Residential Solutions	1.15	\$ 0.29	2,900,408	28,916,059	\$ 8,156,980	\$ 8,156,060
Commercial & Industrial	Prescriptive & Custom			3,044,621	40,202,017	\$ 3,296,720	\$ 3,296,594
	Pilot			171,955	2,006,262	\$ 227,500	\$ 227,500
	Education			103,173	103,173	\$ 136,500	\$ 136,500
	Evaluation					\$ 98,000	\$ 98,000
	SEMCO Administration					\$ 185,500	\$ 185,500
	MCAAA					\$ 28,000	\$ 28,000
	Performance Incentive-CLEAResult					\$ 420,000	\$ 420,000
	Subtotal - Business Solutions	3.40	\$ 0.09	3,319,749	42,311,452	\$ 4,392,220	\$ 4,392,094
2019 Program Totals		1.89	\$ 0.17	6,392,051	73,458,581	\$ 14,600,000	\$ 14,602,843

SEMCO ENERGY Gas Company
2020-2021 Updated Energy Savings Targets

Revised Exhibit A-2
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		2021			
		2018	2019	2020	3 Year Average
		Actual	Actual	Forecast	Revised
1	Total Actual Sales (therms)	683,065,350	696,715,740	644,836,200	674,872,430
2	Residential	282,647,720	287,940,380	258,379,820	276,322,640
3	General Service	176,283,900	181,659,160	159,340,180	172,427,747
4	Total Transport	224,133,730	227,116,200	227,116,200	226,122,043
5	Large Volume Transport	170,869,010	173,920,750	173,920,750	172,903,503
6	Savings Reduction Factor (LVT)	87.86%	87.78%	87.78%	87.81%
7	Adjusted Total Transport	20,736,679	21,255,587	21,255,587	21,082,618
8	Total Adjusted Sales (therms)	532,933,019	544,050,577	492,171,037	523,051,545
9	2021 Energy				
10	Waste Reduction				
11	Targets				
12			0.75%	3,922,887	
			0.875%	4,576,701	
			1%	5,230,515	

SEMCO ENERGY Gas Company
2020-2021 Energy Waste Reduction Plan
Financial Incentive Mechanism

Revised Exhibit A-4
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**Energy Waste Reduction Program
Recommended Financial Incentive Structure for Gas**

Annual First Year Savings			Annual Lifetime Savings			Income-Qualified Spend Goal		
Goal			Goal					
Forecasted baselines (therms):			Forecasted baselines (therms):					
Year 2020 = 3,883,430			43,046,357					
Year 2021 = 4,052,585								
<i>Savings</i>	<i>Incentive</i>		<i>Savings weighted at 60%</i>			<i>Spend weighted at 50%</i>		
Tier 1	0.750%	15.00%	Tier 1	100%	9.00%	Tier 1	6.00%	7.50%
	0.755%	15.15%		101%	9.09%		6.08%	7.58%
	0.760%	15.30%		102%	9.18%		6.16%	7.65%
	0.764%	15.45%		103%	9.27%		6.24%	7.73%
	0.769%	15.60%		104%	9.36%		6.31%	7.80%
	0.774%	15.75%		105%	9.45%		6.39%	7.88%
	0.779%	15.90%		106%	9.54%		6.47%	7.95%
	0.784%	16.05%		107%	9.63%		6.55%	8.03%
	0.788%	16.20%		108%	9.72%		6.63%	8.10%
	0.793%	16.35%		109%	9.81%		6.71%	8.18%
	0.798%	16.45%		110%	9.87%		6.78%	8.23%
	0.803%	16.55%		111%	9.93%		6.86%	8.28%
	0.808%	16.65%		112%	9.99%		6.94%	8.33%
	0.813%	16.75%		113%	10.05%		7.02%	8.38%
	0.817%	16.85%		114%	10.11%		7.10%	8.43%
	0.822%	16.95%		115%	10.17%		7.18%	8.48%
	0.827%	17.00%		116%	10.20%		7.25%	8.50%
	0.832%	17.05%		117%	10.23%		7.33%	8.53%
	0.837%	17.10%		118%	10.26%		7.41%	8.55%
	0.841%	17.15%		119%	10.29%		7.49%	8.58%
	0.846%	17.20%		120%	10.32%		7.57%	8.60%
	0.851%	17.25%		121%	10.35%		7.65%	8.63%
	0.856%	17.30%		122%	10.38%		7.73%	8.65%
	0.861%	17.35%		123%	10.41%		7.80%	8.68%
	0.865%	17.40%		124%	10.44%		7.88%	8.70%
	0.870%	17.45%		125%	10.47%		7.96%	8.73%
Tier 2	0.875%	17.50%	Tier 2	126%	10.50%	Tier 2	8.04%	8.75%
	0.880%	17.65%		127%	10.59%		8.12%	8.83%
	0.885%	17.80%		128%	10.68%		8.20%	8.90%
	0.890%	17.95%		129%	10.77%		8.27%	8.98%
	0.895%	18.10%		130%	10.86%		8.35%	9.05%
	0.900%	18.25%		131%	10.95%		8.43%	9.13%
	0.905%	18.40%		132%	11.04%		8.51%	9.20%
	0.910%	18.55%		133%	11.13%		8.59%	9.28%
	0.915%	18.70%		134%	11.22%		8.67%	9.35%
	0.920%	18.85%		135%	11.31%		8.75%	9.43%
	0.925%	18.95%		136%	11.37%		8.82%	9.48%
	0.930%	19.05%		137%	11.43%		8.90%	9.53%
	0.935%	19.15%		138%	11.49%		8.98%	9.58%
	0.940%	19.25%		139%	11.55%		9.06%	9.63%
	0.945%	19.35%		140%	11.61%		9.14%	9.68%
	0.950%	19.45%		141%	11.67%		9.22%	9.73%
	0.955%	19.55%		142%	11.73%		9.29%	9.78%
	0.960%	19.60%		143%	11.76%		9.37%	9.80%
	0.965%	19.65%		144%	11.79%		9.45%	9.83%
	0.970%	19.70%		145%	11.82%		9.53%	9.85%
	0.975%	19.75%		146%	11.85%		9.61%	9.88%
	0.980%	19.80%		147%	11.88%		9.69%	9.90%
	0.985%	19.85%		148%	11.91%		9.76%	9.93%
	0.990%	19.90%		149%	11.94%		9.84%	9.95%
	0.995%	19.95%		150%	11.97%		9.92%	9.98%
Tier 3	1.000%	20.00%	Tier 3	151%	12.00%	Tier 3	10.00%	10.00%
	1.005%	20.00%		152%	12.00%		10.08%	10.00%
	1.010%	20.00%		153%	12.00%		10.16%	10.00%
	1.015%	20.00%		154%	12.00%		10.24%	10.00%
	1.020%	20.00%		155%	12.00%		10.31%	10.00%
	1.025%	20.00%		156%	12.00%		10.39%	10.00%

SEMCO ENERGY Gas Company
2020 - 2021 Energy Waste Reduction Plan
Financial Incentive Mechanism

Revised Exhibit A-4
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The financial incentive would be calculated at the individual achievement of lifetime savings percent achieved incentive percentage plus Income Qualified dollar spent incentive percentage. Lifetime savings account for 60% of the weighting and the Income Qualified Spend accounts for 50% of the weighting. The financial incentive award percentage will not exceed the percentage earned for first year savings achieved.

Example Calculations

	First Year	Lifetime	Income- Qualified	<i>Incentive Earned</i>
Scenario 1:	1.00%	132.0%	7.25%	
Incentive	20.0%	11.04%	8.50%	<i>19.54%</i>
Formula	Incentive = the lesser of 20% or (11.04% + 8.50%)			
Scenario 2:	0.81%	132.0%	7.25%	
Incentive	16.75%	11.04%	8.50%	<i>16.75%</i>
Formula	Incentive = the lesser of 16.75% or (11.04% + 8.50%)			
Scenario 3:	1.00%	151.0%	6.00%	
Incentive	20.00%	12.00%	7.50%	<i>19.50%</i>
Formula	Incentive = the lesser of 20% or (12.00% + 7.5%)			
Scenario 4:	1.00%	139.0%	10.00%	
Incentive	20.00%	11.55%	10.00%	<i>20.00%</i>
Formula	Incentive = the lesser of 20% or (11.50% + 10.00%)			

SEMCO cannot earn an incentive without at least reaching Tier 1 of the first year savings. If lifetime falls short, income-qualified must achieve even higher to maximize the incentive, or vice versa.

M.P.S.C. - No. 1 – Gas
SEMCO ENERGY GAS COMPANY
EWR Plan Year Surcharges Beginning October 1, 2020

Case No.: U-20431
Revised Exhibit A-3 Page 1 of 4
Sheet No. D-2.00

SECTION D
GAS SALES SERVICE
SURCHARGES

Energy Waste Reduction Program Clause – This clause permits, pursuant to Section 89(2) of 2016 PA 295, recovery of the actual costs of implementing its approved energy waste reduction plan. This charge is to be on a volumetric basis for all customers**.

Energy Waste Reduction
Surcharge

<u>Rate Class</u>	<u>Amount</u>	<u>Order No.</u>
Residential	\$0.3761 per Dth	U-20431
*Low-Income EWR Residential Monthly Credit	(\$3.17) per meter	
	<u>Up to 9 Dth per Month</u>	<u>Remaining Dth per Month</u>
GS-1	\$2.9546 per Dth	\$0.0001 per Dth U-20431
GS-2	\$2.9546 per Dth	\$0.0001 per Dth U-20431
GS-3	\$2.9546 per Dth	\$0.0001 per Dth U-20431

*Low Income EWR Residential Monthly Credit qualifications are listed on Sheet D-7.00

**Low-Income EWR Residential Monthly Credit is based on average forecasted volumes. The Credit will be converted to a volumetric charge, as approved in U-20431, once the Company's billing system has been modified to support the surcharge.

Effective for bills rendered
on and after 2020. Issued under
authority of the Michigan Public Service
Commission in
Case No. U-20431.

M.P.S.C. - No. 1 – Gas
SEMCO ENERGY GAS COMPANY
EWR Plan Year Surcharges Beginning October 1, 2020

Case No.: U-20431
Revised Exhibit A-3 Page 2 of 4
Sheet No. E-1.00

SECTION E

TRANSPORTATION SERVICE

SURCHARGES

Energy Waste Reduction Program Clause – This clause permits, pursuant to Section 89(2) of 2008 PA 295, recovery of the actual costs of implementing its approved energy waste reduction plan. This charge is to be on a volumetric basis for all customers. Special contract customers will be billed in the sales and transportation rate class most appropriate to their volumetric throughput.

Energy Waste Reduction Surcharge

Rate Class No.	Amount	Order
	<u>Up to 2500 Dth per Month</u>	<u>Remaining Dth per Month</u>
TR-1	\$0.1389 per Dth	\$0.0001 per Dth U-20431
TR-2	\$0.1389 per Dth	\$0.0001 per Dth U-20431
TR-3	\$0.1389 per Dth	\$0.0001 per Dth U-20431

Upstream Pipeline Facility Improvement Charge

All gas transported for TR-1, TR-2, TR-3, or special contract through the facilities specifically listed below is subject to the Improvement Charge as indicated.

Order Number	Gate Station(s)	Per Dth	Final Charge Month
U-16125	Houghton TBS #1	\$0.2020	December, 2020

Facility Improvement Demand Surcharge

All gas transported for rates under classes TR-1, TR-2, TR-3, or by special contract are subject to the Facility Improvement Demand Surcharge as indicated.

Order Number	Description	Rate Per Dth	Final Month
U-20479	Interstate Pipeline Interconnections	\$0.0328	December, 2024

Effective for bills rendered on
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In Case No. U-20431.

M.P.S.C. - No. 1 – Gas
SEMCO ENERGY GAS COMPANY
EWR Plan Year Surcharges Beginning October 1, 2020

Case No.: U-20431
Revised Exhibit A-3 Page 2 of 4
Sheet No. E-1.00

Effective for bills rendered on
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Michigan Public Service Commission
In Case No. U-20431.

M.P.S.C. - No. 1 – Gas
SEMCO ENERGY GAS COMPANY
EWR Plan Year Surcharges Beginning January 1, 2021

Case No.: U-20431
Revised Exhibit A-3 Page 3 of 4
Sheet No. D-2.00

**SECTION D
GAS SALES SERVICE
SURCHARGES**

Energy Waste Reduction Program Clause – This clause permits, pursuant to Section 89(2) of 2016 PA 342, recovery of the actual costs of implementing its approved energy waste reduction plan. This charge is to be on a volumetric basis for all customers**.

		Energy Waste Reduction Surcharge	
<u>Rate Class</u>		<u>Amount</u>	<u>Order No.</u>
Residential		\$0.4037 per Dth	U-20431
*Low Income EWR Residential Monthly Credit		(\$3.17) per meter	U-20431
	<u>Up to 9 Dth per Month</u>	<u>Remaining Dth per Month</u>	
GS-1	\$3.0363 per Dth	\$0.0001 per Dth	U-20431
GS-2	\$3.0363 per Dth	\$0.0001 per Dth	U-20431
GS-3	\$3.0363 per Dth	\$0.0001 per Dth	U-20431

*Low Income EWR Residential Monthly Credit qualifications are listed on Sheet D-7.00

**Low-Income EWR Residential Monthly Credit is based on average forecasted volumes. The Credit will be converted to a volumetric charge of \$0.0558 per Dth, as approved in U-20431, once the Company's billing system has been modified to support the surcharge.

Effective for bills rendered on
and after .
Issued under authority of the
Michigan Public Service Commission
In Case No. U-20431.

M.P.S.C. - No. 1 – Gas
SEMCO ENERGY GAS COMPANY
EWR Plan Year Surcharges Beginning January 1, 2021

Case No.: U-20431
Revised Exhibit A-3 Page 4 of 4
Sheet No. E-1.00

SECTION E
TRANSPORTATION SERVICE
SURCHARGES

Energy Waste Reduction Program Clause – This clause permits, pursuant to Section 89(2) of 2016 PA 342, recovery of the actual costs of implementing its approved energy waste reduction plan. This charge is to be on a volumetric basis for all customers. Special contract customers will be billed in the sales and transportation rate class most appropriate to their volumetric throughput.

Energy Waste Reduction
Surcharge

Rate Class	Amount		Order No.
	<u>Up to 2500 Dth per Month</u>	<u>Remaining Dth per Month</u>	
TR-1	\$0.1471 per Dth	\$0.0001 per Dth	U-20431
TR-2	\$0.1471 per Dth	\$0.0001 per Dth	U-20431
TR-3	\$0.1471 per Dth	\$0.0001 per Dth	U-20431

Effective for bills rendered on
and after .
Issued under authority of the
Michigan Public Service Commission
In Case No. U-20431.


PROOF OF SERVICE

STATE OF MICHIGAN)

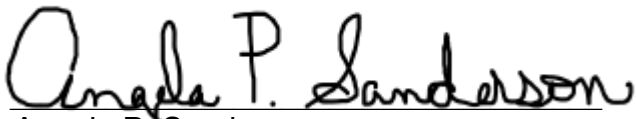
Case No. U-20431

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 10, 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 10th day of September 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-20431

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Richard J. Aaron	raaron@dykema.com
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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

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Lisa Gustafson

Interstate Gas Supply Inc

Thomas Krichel

Bay City Electric Light & Power

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

DTE Energy

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DTE Energy

Xcel Energy

Great Lakes Energy

Michigan Public Power Agency

Michigan Gas Utilities Corporation

American Transmission Company

American Transmission Company

UMERC, MERC and MGU

Phil Forner