

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
SEMCO ENERGY GAS COMPANY)	
for approval to implement special customer credits)	Case No. U-21516
relating to a PEPL rate refund.)	
_____)	

At the December 21, 2023 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Alessandra R. Carreon, Commissioner

ORDER

On November 27, 2023, SEMCO Energy Gas Company (SEMCO) filed an application seeking *ex parte* approval of special customer credits arising from a Panhandle Eastern Pipe Line Company, LP (PEPL) refund received by SEMCO on November 20, 2023. On December 4, 2023, SEMCO filed Revised Attachment A and Revised Attachment B to the application.

In its application, SEMCO represents that it is a transportation customer of PEPL. SEMCO explains that on August 30, 2019, PEPL filed for a rate increase with the Federal Energy Regulatory Commission (FERC) under Section 4 of the federal Natural Gas Act of 1938 in Docket No. RP19-1523-000. Application, p. 2. Pursuant to this rate case filing, PEPL's filed interim and refundable rates became effective March 1, 2020. These interim rates resulted in initial cost increases. SEMCO states that FERC issued a final order on rehearing in PEPL's rate case and PEPL was directed by FERC to refund shippers for the difference between interim rates and final

approved rates. *Id.* Per the final order, SEMCO received a refund of \$5,666,468.92 from PEPL on November 20, 2023.

SEMCO represents that pursuant to Subsection C8.2A, Supplier Refunds, at Sheet No. C-28.00 of SEMCO's tariff book, the company will be required to reflect the PEPL refund of \$5,666,468.92 in the cost of gas sold in the month of November 2023, and as a result, SEMCO's ending balance will reflect an overrecovery of no less than \$12,421,228. *Id.* Further, SEMCO would be required to begin paying interest on the overrecovered amount at its authorized rate of return. SEMCO represents that requiring the company to pay interest will unjustly enrich gas customers at SEMCO shareholders' expense because SEMCO has no independent control over the circumstances that gave rise to PEPL's fully litigated, contested case and the implementation of excessive interim rates over a three-year period. *Id.* Additionally, SEMCO represents that the FERC-ordered PEPL refund already includes interest and requiring SEMCO to pay interest on top of an amount inclusive of interest would unfairly enhance the refund amount at SEMCO shareholders' expense. *Id.*, p. 3. Therefore, SEMCO seeks a waiver from the requirement of Subsection C8.2A and authority to implement special customer-class credits (residential, general service, medium & large general service, and gas customer choice (GCC)) beginning with the company's January 2024 billing month and ending with the March 2024 billing month.

The proposed special credits for gas cost recovery (GCR)/GCC residential and small general service "will be volumetric-based, while special credits for GCR/GCC medium and large general service will be based on a blend of 50% volumetric and 50% flat bill rendered, non-prorated." *Id.* Moreover, SEMCO proposes that from the date of receipt until the end of the refund period, interest on the unrefunded PEPL refund balance will accrue at 2%, which is an interest rate uniquely proposed by SEMCO for the unrefunded PEPL refund balance and applicable exclusively

to this instant case. Finally, SEMCO proposes that any unrefunded or over-refunded balance remaining at the end of the March 2024 billing month will be rolled into the GCR beginning balance for April 2024. Revised Attachment B to the application reflects the proposed credits. SEMCO represents that PEPL plans to appeal FERC's order to the courts, and FERC's order provides that should the courts reverse its decision regarding the refunding of interim rates, PEPL may claw back SEMCO's refund by imposing a surcharge with interest. *Id.*, p. 4. If this should occur, SEMCO will promptly notify the Commission and its Staff and request in this docket authority to address the FERC-ordered return of monies to PEPL. *Id.*

Finally, SEMCO represents that "approval of its request to implement special customer-class credits is in its customers' best interests in that they will receive the benefit of the refund over the winter months" and that approving the application will not increase the cost of service to any customer, nor will any customers be adversely affected. *Id.* Therefore, SEMCO requests approval without notice and hearing.

The Commission has reviewed the application and finds that approving the application, granting the requested waiver, and authorizing SEMCO to implement the special customer-class credits in the manner as set forth in the application is in the public interest. The Commission further finds that approval of the application will not result in an increase to any customer rates or rate schedules, and thus, *ex parte* approval is appropriate pursuant to MCL 460.6a(3).

THEREFORE, IT IS ORDERED that:

- A. The application filed by SEMCO Energy Gas Company is approved.
- B. SEMCO Energy Gas Company is authorized to implement the special customer-class credits set forth in Revised Attachment B to the application effective with the January 2024 billing month and ending with the March 2024 billing month.

C. SEMCO Energy Gas Company shall roll into its gas cost recovery beginning balance for April 2024 any unrefunded or over-refunded balance remaining at the end of the March 2024 billing month.

D. Should Panhandle Eastern Pipe Line Company, LP successfully appeal the Federal Energy Regulatory Commission's decision and the refund approved by this order is reversed and collected, SEMCO Energy Gas Company shall promptly notify the Commission in this docket and request authority to address the return of monies.

E. Within 30 days of the date of this order, SEMCO Energy Gas Company shall file tariff sheets in this docket substantially similar to Revised Attachment B to the application.

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 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

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of December 21, 2023.

Lisa Felice, Executive Secretary


PROOF OF SERVICE

STATE OF MICHIGAN)

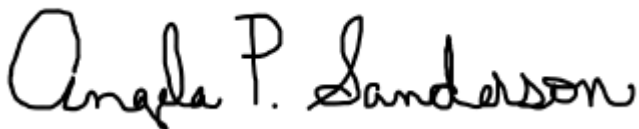
Case No. U-21516

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 21, 2023 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 21st day of December 2023.



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

Service List for Case: U-21516

Name	On Behalf Of	Email Address
Diane M. Martin	MPSC Staff	martind19@michigan.gov
Dolores A. Midkiff-Powell	MPSC Staff	midkiff-powelld@michigan.gov
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