STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

P.O. BOX 30755
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

April 7, 2023

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

Dear Ms. Felice:

Re: MPSC Case No. U-20817

Enclosed find the ***Attorney General's CORRECTED PUBLIC Testimony and Exhibits of Sebastian Coppola,*** and related Proof of Service.

Sincerely,

Tracy Jane Andrews

Digitally signed by Tracy Jane Andrews
Date: 2023.04.07 09:54:24 -04'00'

Tracy Jane Andrews
Special Assistant Attorney General

cc: All Parties

PROOF OF SERVICE - U-20817

The undersigned certifies that a copy of the ***Attorney General's CORRECTED PUBLIC Testimony and Exhibits of Sebastian Coppola*** was served upon the parties listed below by e-mailing the same to them at their respective e-mail addresses on the 7th day of April 2023.

Tracy Jane Andrews
Digitally signed by Tracy Jane Andrews
Date: 2023.04.07 09:56:01 -04'00'
Tracy Jane Andrews

MPSC Staff:
Nicholas Taylor
Amit Singh
Taylorn10@michigan.gov
Singha9@michigan.gov

ALJ:
Hon. Lesley Fairrow
Fairrowl1@michigan.gov

Attorney General of Michigan:
Tracy Jane Andrews
Breanna Thomas
tjandrews@envlaw.com
breanna@envlaw.com
ag-enra-spec-lit@michigan.gov

Sebastian Coppola
sebcoppola@corplytics.com

DTE Energy Company:
Carlton Watson
Carlton.watson@dteenergy.com
mpscfilings@dteenergy.com

RESA:
Jennifer Heston
jheston@fraserlawfirm.com

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE GAS COMPANY** for a Gas Cost Recovery Reconciliation proceeding for the 12-months ending March 31, 2022	))))))	MPSC Case No. U-20817

PUBLIC

Direct Testimony

And Exhibits

of
Sebastian Coppola

On behalf of

Attorney General Dana Nessel

March 31, 2023

Qualifications

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND ADDRESS.

A. My name is Sebastian Coppola. I am an independent business consultant. My office is located at 5928 Southgate Rd., Rochester, Michigan 48306.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL QUALIFICATIONS.

A. I am a business consultant specializing in financial and strategic business issues in the fields of energy and utility regulation. I have more than forty years of experience in public utility and related energy work, both as a consultant and utility company executive. I have testified in several regulatory proceedings before the Michigan Public Service Commission ("MPSC" or "Commission") and other regulatory jurisdictions. I have prepared and/or filed testimony in general rate case proceedings, revenue decoupling reconciliations, infrastructure replacement mechanisms, gas conservation programs, Gas Cost Recovery ("GCR") cases and Power Supply Cost Recovery ("PSCR") cases, among many other regulatory matters.

Q. PLEASE LIST SOME OF THE MORE RECENT CASES YOU HAVE PARTICIPATED IN BEFORE THE MPSC AND OTHER REGULATORY AGENCIES.

A. Here is a partial list of the most recent regulatory cases in which I have participated:

- Filed testimony on behalf of the Michigan Attorney General in Michigan Gas Utilities Corporation (MGUC) 2021-2022 GCR plan reconciliation case No. U-20819
- Filed testimony on behalf of the Michigan Attorney General in SEMCO Energy Gas Company (SEMCO) 2021-2022 GCR plan reconciliation case No. U-20823.

- Filed testimony on behalf of the Michigan Attorney General in Consumers Energy Company (CECo) 2022-2023 GCR plan case No. U-21062.
- Filed testimony on behalf of the Michigan Attorney General in SEMCO 2022-2023 GCR plan case No. U-21070.
- Filed testimony on behalf of the Michigan Attorney General in CECo 2022 electric rate Case U-21224 on several issues, including operation and maintenance expenses, capital expenditures, cost of capital, and other items.
- Filed testimony on behalf of the Public Counsel Division of Washington Attorney General in the Avista 2022 electric and gas rate cases on several issues, including operation and maintenance expenses, capital expenditures, and other items.
- Filed testimony on behalf of the Michigan Attorney General in the Act 9 application in Case No. U-20993 by Saginaw Bay Pipeline Company to set transportation rates for services to DTE Gas Company.
- Filed testimony on behalf of the Michigan Attorney General in DTE Electric Company (DTEE) 2022 electric rate Case U-20836 on several issues, including operation and maintenance expenses, capital expenditures, cost of capital, and other items.
- Filed rebuttal testimony on behalf the Illinois Attorney General for the reconciliation of the rate surcharge for the Qualified Infrastructure Program (Rider QIP) of the Peoples Gaslight & Coke Company (Peoples Gas) in Docket 17-0137.
- Filed testimony on behalf of the Michigan Attorney General in CECO 2021 gas rate Case U-21148 on several issues, including operation and maintenance expenses, capital expenditures, cost of capital, and other items.
- Filed testimony on behalf of the Michigan Attorney General in DTE Gas Company (DTE Gas) 2020-2021 GCR plan reconciliation case No. U-20554.
- Filed rebuttal testimony on behalf of the Illinois Attorney General for the reconciliation of the rate surcharge for the Qualified Infrastructure Program (Rider QIP) of the Northern Illinois Gas Company (Nicor Gas) in Docket 20-0330.
- Filed testimony on behalf of the Michigan Attorney General in SEMCO 2020-2021 GCR plan reconciliation case No. U-20552.
- Filed testimony on behalf of the Michigan Attorney General in Michigan Gas Utility Corporation (MGUC) 2020-2021 GCR plan reconciliation case No. U-20546.
- Filed testimony on behalf of the Michigan Attorney General in CECo 2020 PSCR plan reconciliation case No. U-20526.
- Filed testimony on behalf of the Michigan Attorney General in DTEE 2020 PSCR plan reconciliation case No. U-20528.

- Filed testimony on behalf of the Michigan Attorney General in DTE Gas 2019-2020 GCR plan reconciliation case No. U-20236.
- Filed rebuttal testimony on behalf of the Illinois Attorney General for the reconciliation of the rate surcharge for the Qualified Infrastructure Program (Rider QIP) of the Ameren Illinois Company (Ameren) in Docket 20-0323.
- Filed testimony on behalf of the Michigan Attorney General in DTE Gas 2021-2022 GCR plan case No. U-20816.
- Filed testimony on behalf of the Michigan Attorney General in SEMCO 2021-2022 GCR plan case No. U-20822.Filed testimony on behalf of the Michigan Attorney General in Consumers Energy Company (CECo) 2021 electric rate Case U-20963 on several issues, including operation and maintenance expenses, capital expenditures, cost of capital, and other items.
- Filed testimony on behalf of the Michigan Attorney General in DTE Gas 2021 gas rate Case U-20940 on several issues, including sales, operation and maintenance expenses, capital expenditures, cost of capital, and other items.
- Filed testimony on behalf of the Michigan Attorney General in DTE Michigan Lateral Company (DMCL) 2021 Act 9 filing to convert a pipeline and build two interconnections for transportation services to DTE Gas Company in case No. U-20894.
- Filed testimony on behalf of the Michigan Attorney General in DTEE 2021 power plant and tree trimming securitization costs in case No. U-21015
- Filed testimony on behalf of the Michigan Attorney General in CECo 2021 PSCR plan case No. U-20802.
- Filed testimony on behalf of the Michigan Attorney General in CECo 2019-2020 GCR reconciliation case No. U-20234.
- Filed testimony on behalf of the Maryland Office of Public Counsel in Washington Gas Light Company's 2020 rate Case 9651 on several issues, including operation and maintenance expenses, capital expenditures, and other items.
- Filed testimony on behalf of the Michigan Attorney General in CECo 2020 Karn 1 & 2 Retirement Cost and Bond Securitization Case U-20889.
- Filed testimony on behalf of the Michigan Attorney General in DTEE 2019 PSCR Reconciliation in case U-20222.
- Filed testimony on behalf of the Michigan Attorney General in DTE Gas 2020-2021 GCR plan case No. U-20543.
- Filed testimony on behalf of the Michigan Attorney General in SEMCO Gas Company (SEMCO) 2020-2021 GCR plan case No. U-20551.

Appendix A elaborates further on my qualifications in the regulated energy field.

Prepared Direct Testimony

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by the Michigan Department of Attorney General to make an independent analysis of DTE Gas Company's ("DTE Gas" or the "Company") GCR Reconciliation for the 12 months ended March 2022. This testimony presents a report of my analysis.

Q. WHAT TOPICS ARE YOU ADDRESSING IN YOUR TESTIMONY?

A. I will address the following topics:

1. The disallowance of NEXUS transportation costs and related gas supply costs from the Kensington and Clarington gas supply areas.
2. The disallowance of excess costs for uncompetitive gas purchase transactions.
3. The disallowance of waived penalty fees for unauthorized gas usage by transportation customers.

The absence of a discussion of other matters in my testimony should not be taken as an indication that I agree with those aspects of DTE Gas's GCR reconciliation filing. Instead, my testimony is focused on select issues based on the available resources.

Q. IS YOUR TESTIMONY ON THESE TOPICS ACCOMPANIED BY EXHIBITS?

A. Yes. the following exhibits accompany this testimony:

1. Exhibit AG-1 NEXUS and Other Sources Gas Supply Cost Comparison
2. Exhibit AG-2 Disallowance of NEXUS Incremental Gas Supply costs
3. Exhibit AG-3 DTEET Gas Purchases at Kensington and Clarington

4. Exhibit AG-4 Cumulative NEXUS Excess Gas Supply Costs
5. Exhibit AG-5 NEXUS Capacity Utilization
6. Exhibit AG-6 DTEET Gas Purchases by Location
7. Exhibit AG-7 DTE Gas Response with Revised Exhibit A-28
8. Exhibit AG-8 ICF Report Spreads Case U-17941, Exhibit A-34
9. Exhibit AG-9 Landed Cost Analysis, Maximum Prices, No RFP Issued
10. Exhibit AG-10 DTE Gas Response on Discounted Transportation Contracts
11. Exhibit AG-11 DTE Gas Response on NEXUS Open Season
12. Exhibit AG-12 DTE Gas Response on Lack of Gas Supply at Kensington
13. Exhibit AG-13 DTE Gas Response on NEXUS Cost of Service Filing
14. Exhibit AG-14 DTE Gas Supply Transaction Sheets Kensington Purchases
15. Exhibit AG-15 CONF DTE Gas Supply Transaction Sheets DTEE Kensington Purchases
16. Exhibit AG-16 DTE Gas Response EUT December 2020 Unauthorized Gas
17. Exhibit AG-17 DTE Gas Response EUT Percent Unauthorized Gas Usage
18. Exhibit AG-18 CONF Unauthorized Gas Usage EUT Suppliers and Nominations
19. Exhibit AG-19 DTE Gas Response on Unauthorized Gas Usage Responsibilities
20. Exhibit AG-20 DTE Gas Response on FTI NEXUS Spreads Calculation

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING THE TOPICS YOU IDENTIFIED ABOVE.

A. I summarize my conclusions and recommendations as follows:

1. The Company incurred higher costs as a result of entering into the transportation contract with the NEXUS Pipeline. The amount of excess costs

of approximately $26.6 million was imprudently incurred and should be disallowed.

2. The Company entered into gas purchase transactions at prices that were in excess of other available gas supply bids. Those gas purchases were imprudent and I recommend that the Commission disallow $221,950 of excess gas purchase costs from this GCR reconciliation.

3. The Company waived $656,602 of penalty fees assessed in prior GCR years for unauthorized gas usage by a group of transportation customers. The waived penalty fees should not be recovered from GCR customers. I recommend that the Commission disallow the $656,602 from this reconciliation case.

The remainder of my testimony provides further details to support these conclusions and recommendations.

NEXUS Transportation & Gas Supply Costs

Q. PLEASE BRIEFLY DESCRIBE THE ARRANGEMENTS THAT THE COMPANY MADE TO PURCHASE NATURAL GAS FROM THE MARCELLUS-UTICA GAS BASIN AND BRING IT TO MICHIGAN THROUGH THE NEXUS PIPELINE.

A. In July 2014, DTE Gas entered into an agreement to purchase 75,000 Dekatherm per day (Dth/day) of capacity on the NEXUS Pipeline (NEXUS) in order to purchase gas supply at the Kensington receipt point in Ohio and transport that supply to its gate station in Ypsilanti, Michigan. Under the 15-year agreement, the Company pays NEXUS a fixed rate of $0.695 per Dth/day for transportation capacity, plus fuel.

In October 2018, the Company amended its contract with NEXUS to add an additional gas receipt point, approximately 75 miles south of Kensington, at the Clarington station for an additional $0.15 per Dth/day for half of the total 75,000 daily capacity. The amended agreement for the Clarington receipt point was for a four-year period from November 1, 2018 to October 31, 2022. The Company refers to this amendment as the "TEAL agreement" because the Clarington receipt point is located on the Texas Eastern Appalachian Lease (TEAL) pipeline. In 2022, the TEAL Agreement was extended to October 31, 2024.[1]

Therefore, for 37,500 Dth/day of capacity between Kensington and Michigan, the Company pays a rate of $0.695 per Dth/d, and for the remaining 37,500 Dth/day of capacity from Clarington to Michigan, the Company pays $0.845 per Dth/day.

Q. PLEASE EXPLAIN WHEN NEXUS BEGAN DELIVERING GAS TO DTE GAS AND THE RELATED GAS SUPPLY AND TRANSPORTATION COSTS THAT THE COMPANY SEEKS TO RECOVER IN THIS RECONCILIATION CASE.

A. NEXUS began delivering gas to DTE Gas in November 2018 after more than a year delay in beginning service from the initial date anticipated in the transportation agreement. In this reconciliation case for the 2021-2022 GCR year, the Company has included total costs related to NEXUS gas supply of approximately $94.3 million. This total amount consists of $21 million of capacity reservation costs and $73.3 million of gas purchase costs. Lines

[1] Joseph Madigan revised direct testimony at 23.

1 through 17 of Exhibit AG-1 provide a summary of these costs sourced from Company exhibits.

Exhibit AG-1 also shows the cost details for the Kensington and Clarington gas receipt points and the cost of those gas supplies delivered to Michigan through NEXUS. The all-in cost for gas supply delivered to Michigan from Clarington was $3.07 per Dth, on average for the year. Similarly, the all-in cost for gas supply from Kensington was $5.02 per Dth. Overall, for the 2021-2022 GCR year, the NEXUS gas supply cost $3.90 per Dth. I will discuss the costs underlying those prices in more detail later in my testimony.

Q. HOW DOES THE DELIVERED COST OF NEXUS GAS SUPPLY COMPARE TO OTHER SOURCES OF GAS SUPPLY DELIVERED TO THE COMPANY'S GATE STATIONS IN MICHIGAN?

A. FOR the 2021-2022 GCR year, the gas purchases made at Kensington and Clarington were done in the spot market and under monthly contracts both with index-based prices and fixed prices. The other gas purchases made by the Company and delivered to Michigan through other pipelines were made under similar contractual arrangements.[2] Therefore, the comparison I show in Exhibit AG-1 is a fair comparison of costs under similar situations for gas purchases delivered to Michigan by NEXUS and by other pipelines and gas supply sources.

The comparison shows that the overall cost of $3.90 per Dth for NEXUS gas supply on line 17, including transportation into Michigan, is higher than the other major gas supply

[2] Exhibit A-3.

sources by a significant amount. For example, the average cost of gas supply delivered to DTE Gas through the ANR-Southwest (ANR-SW) pipeline on line 24 was $2.71 per Dth during the year. Similarly, gas supply delivered to DTE Gas through the Panhandle Eastern Pipeline (PEPL) on line 30 was $2.84 per Dth. Even gas purchases at the MichCon (DTE Gas) citygate on line 69 were lower, at $3.22 per Dth, than the NEXUS delivered purchases of $3.90 per Dth on line 17.

The delivered gas purchases on the Vector-Alliance, ANR ML3, and Chicago-Alpena ANR pipeline capacity contracts show higher costs per Dth than NEXUS-delivered gas supply. However, the transportation capacity on those pipelines is used primarily during the winter months or for limited geographical service areas in support of the Company's transmission system and are not truly comparable to year-around gas purchases and deliveries on the NEXUS pipeline. The significant spike in natural gas prices during the fall of 2022 also significantly increased the cost of gas supply for those three pipeline segments that mainly transport winter season gas purchases.

Q. EXHIBIT AG-1 SHOWS THE GAS SUPPLY COSTS FOR THE OTHER GAS SUPPLY SOURCES SEGREGATED INTO TWO SEPARATE GROUPS. WHAT IS THE PURPOSE FOR SEPARATELY CALCULATING THE COST OF GAS SUPPLY IN THESE TWO GROUPS?

A. In the testimony filed in the GCR plan Case No. U-18412, Company witness Robert Lawshe stated that the 75,000 Dth of capacity purchased from NEXUS displaced transportation capacity on ANR-SW, PEPL, and Vector pipelines.[3] Therefore, the first

[3] MPSC Case No. U-18412, Direct Testimony of Robert G. Lawshe at page 35.

comparison on lines 19 through 39 of Exhibit AG-1 captures the cost of gas purchases delivered to Michigan through those pipelines. The average cost of those purchases delivered to Michigan was $2.80 per Dth for the year. In comparison, the overall cost of gas supply delivered to Michigan through NEXUS was $3.90 per Dth, or $1.10 per Dth higher.

The second comparison on lines 40 to 72 of Exhibit AG-1 adds the five remaining gas supply sources to the first group where the Company made gas purchases delivered to its citygate in Michigan. The average cost of gas supply for this larger group was $2.86 per Dth, or $1.04 per Dth lower than the NEXUS gas supply cost of $3.90.

Both comparisons show that the average cost of gas supply delivered through NEXUS was substantially higher than the other gas supply sources. The comparison shows that the NEXUS capacity agreement did not provide any benefits to customers during the 2021-2022 GCR period. Instead, NEXUS substantially increased gas costs to customers.

Q. IN CASE NO. U-20544, THE COMMISSION ACCEPTED THE COMPANY'S ALLEGATION THAT IN EXHIBIT A-1 YOU ARE COMPARING LONG-TERM PRICES AND GAS SUPPLY COSTS FOR NEXUS AGAINST SHORT-TERM PRICES AND SUPPLY COSTS FOR THE OTHER PIPELINES' GAS SUPPLY. IS THIS A VALID CLAIM?

A. Absolutely not. As shown in the Company's own exhibits, Exhibit A-3 and Revised Exhibits A-7, the Company purchased gas at Kensington, Clarington and other locations access by other pipelines under the same type of contractual arrangements consisting of fixed price purchases entered into up to three years before gas delivery, month-ahead index based purchases, and spot market purchases. With regard to the interstate pipeline transportation agreements, similar to NEXUS, the transportation contracts with ANR, PEPL, Great Lakes Transmission, and other pipelines span multiple years into the future. Therefore, the cost per Dth calculated in Exhibit AG-1 reflects a true and appropriate comparison of long-term gas supply contractual arrangements for NEXUS, as well as for all the other pipelines.

Q. WHAT IS YOUR ASSESSMENT OF THE INCREMENTAL COST THAT WOULD BE PAID BY CUSTOMERS IF THE COMPANY IS ALLOWED TO RECOVER THE FULL COST OF GAS SUPPLY DELIVERED THROUGH NEXUS?

A. In Exhibit AG-2, I summarized the information from Exhibit AG-1 and I calculated the incremental cost of the NEXUS gas supply versus similar purchases delivered through the other pipelines' capacity that NEXUS displaced. The result of the calculation is that the NEXUS gas supply arrangements increased GCR gas costs by $26,610,255 for the GCR year. This amount is shown on line 16 of Exhibit AG-2.

In testimony in this case and in prior cases, the Company has repeatedly stated that the NEXUS capacity agreement would result in long-term benefits to customers by delivering lower cost gas from the Marcellus-Utica gas basins, which would more than offset the cost of NEXUS transportation. This prediction did not come true during the 2021-2022 GCR period or the prior three GCR years,[4] and is not likely to occur in future periods.

[4] Sebastian Coppola direct testimony in Case Nos. U-20210, U-20236, and U-20544.

Q. HAVE YOU CALCULATED WHAT THE CUMULATIVE INCREMENTAL COSTS OF NEXUS GAS SUPPLY HAS BEEN SINCE THE START OF THE CAPACITY CONTRACT?

A. Yes. In Exhibit AG-4, I summarized the incremental costs that I calculated in the current case and the prior three GCR reconciliation cases. The total cumulative incremental costs of the NEXUS capacity contract are $48.3 million. As stated earlier, the incremental costs were calculated in comparison to the cost of gas delivered to Michigan on the pipelines for which the Company canceled transportation capacity in order to accommodate the capacity signed with NEXUS. In other words, if the Company had not signed the NEXUS capacity contract and left that capacity with ANR Southwest, Panhandle Eastern Pipeline, and the Vector Pipeline, it would have avoided the $48.3 million in incremental costs.

This is a significant cost burden to GCR customers that is likely to increase in future years, unless the Commission takes decisive action to disallow the incremental cost for the 2021-2022 GCR year and hold the Company accountable for its misrepresentations that NEXUS would result in gas cost savings for GCR customers. The faulty representations were made in testimony and reports, such as the ICF and FTI studies, filed by the Company beginning with Case No. U-17941 and subsequent GCR plan and reconciliation cases since that time.

Exhibit AG-4 shows that the incremental cost has not diminishing with passage of time, but instead is increasing with the most recent 2021-2022 GCR year showing by far the largest incremental cost over the past four years. This is even after the Company amended the capacity contract with NEXUS in November 2018 to purchase and transport gas supply also from Clarington at a lower price.

Q. GIVEN THE COMMISSION'S PRIOR DECISIONS APPROVING RECOVERY OF NEXUS COSTS, IS IT APPROPRIATE FOR THE COMMISSION TO TAKE A FRESH LOOK IN THIS GCR RECONCILIATION CASE AT THE MOUNTING BURDEN IMPOSED ON CUSTOMERS BY THE NEXUS CAPACITY CONTRACT AND RELATED GAS COSTS?

A. Yes. The fact that the Commission previously approved NEXUS-related costs should not foreclose disallowance of excessive gas supply costs presented in this case. GCR reconciliation require ongoing annual review of the reasonableness, prudence, and efforts to minimize fuel costs for ratepayers. The evidence of high and growing gas supply costs delivered through the NEXUS transportation capacity contract is alarming and warrants careful consideration by the Commission, notwithstanding prior approvals. My testimony in this case shows new evidence of insufficient productive actions by DTE Gas to reduce NEXUS gas supply costs and of mounting excessive costs nearing $50 million with no end in sight that those costs will not escalate further in future years. The Company has failed in its burden to justify that the excess costs are fair and reasonable in order to be recovered in this GCR reconciliation case.

Q. THE GAS COST SAVINGS IDENTIFIED IN THE ICF STUDY COMMISSIONED BY THE COMPANY WERE BASED ON THE PREMISE THAT THE PRICE OF GAS SUPPLY AT KENSINGTON WOULD BE SIGNIFICANTLY LOWER THAN THE MICHCON CITYGATE PRICE AND THIS PRICE DIFFERENCE WOULD MORE THAN OFFSET THE COST OF THE NEXUS CAPACITY. HAS THAT PREDICTION MATERIALIZED?

A. No. To justify the NEXUS capacity contract, the Company commissioned a study by ICF in 2015, which concluded that gas prices at Kensington would be lower than gas prices at the MichCon city gate. The study also concluded that the difference in prices between Kensington and the MichCon city gate would more than offset the $0.695 per Dth cost of transportation on the NEXUS pipeline.

As readily apparent from Table 1 below, the forecasted beneficial difference has not materialized in any of the past four GCR years to any degree approximating the $0.695 cost per Dth. In the prior three GCR years, the actual difference between Kensington and the MichCon prices have been in the $0.10 to $0.30 range in favor of Kensington. Although small this differential helped reduce somewhat the transportation costs paid to NEXUS. However, in the 2021-2022 GCR year, the differential flipped to a detrimental $0.89 per Dth, which added to the $0.695 transportation cost.

Table 1

	ICF Study Forecast [1]			Actual Results [2]			
GCR Year	NEXUS Kensington Commodity Price	MichCon Citygate Price	Difference	NEXUS Kensington Commodity Price	MichCon Citygate Price	Difference	NEXUS Transport Rate
2018-2019	$ 3.56	$ 4.21	$ (0.65)	$ 3.79	$ 3.91	$ (0.12)	$ 0.695
2019-2020	$ 3.94	$ 4.52	$ (0.58)	$ 2.19	$ 2.29	$ (0.10)	$ 0.695
2020-2021	$ 4.12	$ 4.83	$ (0.71)	$ 1.81	$ 2.11	$ (0.30)	$ 0.695
2021-2022	$ 4.25	$ 4.96	$ (0.71)	$ 4.11	$ 3.22	$ 0.89	$ 0.695

Source: [1] ICF Study in Case No. U-17941, Exhibit A-34, page 82. [2] Exhibit AG-1, Case No. U-20817, U-20544, U-20236, and U-20210.

Furthermore, the ICF study forecasted that the gas purchase price at Kensington/NEXUS would be lower than all other sources of natural gas available to the Company. Exhibit AG-8 includes a schedule from the December 2015 ICF showing this forecast.

However, as shown in Exhibit AG-1, this prediction also turned out to be false. Although the TEAL amendment has allowed the Company to access lower priced gas supply at Clarington, the price difference has not been sufficient to make the entire NEXUS gas supply cost delivered to Michigan economical in comparison to other similar gas supply sources. This evidence is a clear repudiation of the premise put forth by the Company that gas prices at the NEXUS purchase locations would be significantly lower than other alternatives and would more than offset the higher cost of NEXUS transportation, thus bringing incremental cost savings to customers.

Q. ON PAGE 20 OF HIS DIRECT TESTIMONY, COMPANY WITNESS MADIGAN STATES THAT DTE GAS DECIDED TO CONTRACT FOR NEXUS CAPACITY BECAUSE THE JULY 2014 LANDED COST ANALYSIS (LCA) SHOWED THAT NEXUS WAS THE LOWEST LANDED COST OPTION AND IT WAS ALSO A GREENFIELD PIPELINE BRINGING ADDITIONAL GAS SUPPLY FROM THE UTICA/MARCELLUS REGION. HOW DO YOU RESPOND?

A. The Company has made the same statements in previous GCR cases. Those statements reflect both false premises and faulty analysis that resulted in misleading conclusions. I will address both the LCA and the greenfield claims made by the Company.

With regard to the greenfield nature of the NEXUS pipeline, the Company's mission is not to support greenfield pipeline projects, but instead it is to minimize the cost of gas for its customers. The appropriate goal for DTE Gas is to search and evaluate the lowest cost and still reliable supply of natural gas to deliver to its GCR customers.

The main reason DTE Gas supported the greenfield NEXUS pipeline with a large capacity purchase commitment is because at that time it was a project partially owned and sponsored by an affiliated company.[5] It is unlikely that the Company would have supported a greenfield project such as NEXUS if it was owned by a non-affiliated company. The Company has not shown any evidence that there was, nor that there will be in the coming years, a shortage of gas deliverability to Michigan that required additional pipeline transportation capacity and deliverability.

With regard to the greenfield project bringing lower cost natural gas to Michigan, this has been a mirage from unrealistic assumptions that have not materialized and are not likely to happen in the future. My testimony above makes this case very clearly.

Mr. Madigan seems to imply that having another source of supply and supporting a greenfield project should override the basic goal of obtaining the most economical gas supply. However, such an argument mainly serves to enrich NEXUS, a previously affiliated company, not to benefit customers. There is sufficient pipeline capacity bringing gas into Michigan from the Marcellus/Utica shale basin and from other basins in North America. Thus, Michigan consumers should not pay a premium rate for new capacity from NEXUS.

Q. CAN YOU PLEASE ADDRESS MR. MADIGAN'S STATEMENT THAT NEXUS WAS THE LOWEST DELIVERED COST OF GAS OPTION FOR A GREENFIELD

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[5] In July 2021, DTE Energy spun-off the company's interstate transportation, storage, and midstream businesses, including its partial ownership of NEXUS into a separate publicly traded company, DT Midstream, Inc.

PIPELINE BRINGING GAS SUPPLY FROM THE UTICA/MARCELLUS REGION?

A. Mr. Madigan's statement that NEXUS was the lowest delivered cost of gas option among other greenfield pipeline projects bringing Utica/Marcellus gas supply to Michigan is misguided. The Company's obligation is not to only consider greenfield pipeline projects when looking to acquire gas supply and interstate transportation services, but to consider and adequately evaluate all gas supply sources and choose the lowest cost source of gas supply that is also reliable.

The LCA, which is included in Exhibit AG-9, was prepared by the Company to justify the purchase of the NEXUS capacity. Unfortunately, the analysis is materially faulty and provided misleading information to the Commission when it decided to approve the NEXUS contract. In preparing the LCA, the Company included faulty rates for transportation services from competing pipelines to NEXUS. For example, the Company used maximum posted rates for ANR ML-7, GLGT, ANR-SW, ANR-SE, and other competing pipelines. Those pipelines' actual billed rates have been significantly lower than the posted maximum rates. Interstate pipelines frequently discount their posted maximum rates when asked to respond to competitive bids. Therefore, the LCA did not give an accurate portrayal of the true incremental cost of NEXUS' landed cost at the MichCon citygate versus competing pipelines.

In fact, the Company did not issue a request for proposal for the 75,000 Dth/d of capacity it was seeking to acquire to any of the existing interstate pipelines and greenfield pipeline projects, such as the Rover Pipeline or ANR East. Exhibit AG-9 includes discovery responses where the Company admits to this serious omission and change in its normal practice. Instead, the Company states that it had "verbal indications." In other words, the LCA was not a serious evaluation of capacity cost options meant to minimize the cost of gas. It is now apparent that it was prepared to skew the results to support the NEXUS capacity acquisition and to mislead the Commission in order to obtain approval for the NEXUS contract.

Exhibit AG-1 confirms the shortcomings in the LCA prepared in July 2014. The calculations in Exhibit AG-1 follow the same procedure used by the Company in preparing the LCA, but with actual transportation capacity rates and gas prices. Similar to the LCA, the calculations in Exhibit AG-1 include the cost of the gas commodity delivered to the MichCon citygate for NEXUS and other gas supply sources. This true comparison shows that NEXUS is not the lowest cost of gas option but the highest among other long-haul and long-term gas supply sources.[6]

Q. BEGINNING ON PAGE 21 OF HIS DIRECT TESTIMONY, MR. MADIGAN DISCUSSES THE APPROVED TARIFF RATES FOR NEXUS AND OTHER NEGOTIATED PROVISIONS OF THE NEXUS CONTRACT. WHAT ARE YOUR OBSERVATIONS?

A. It appears that Mr. Madigan has included this discussion about NEXUS maximum tariff rates and other provisions of the NEXUS contract in an attempt to justify the high transportation capacity rate paid to NEXUS in response to recent Commission orders on

[6] See earlier discussion in my testimony in this reconciliation case that address the higher cost of delivered gas supply on Vector-Alliance, ANR Chicago-Alpena, and ANR ML3 pipeline segments.

this matter. Unfortunately, Mr. Madigan falls considerably short of that task. Mr. Madigan's arguments are that DTE Gas is not paying the highest rates that NEXUS could charge and that other shippers on NEXUS are paying higher rates. His arguments presume that NEXUS is the only pipeline that brings natural gas into Michigan from the Appalachian Marcellus-Utica basin or from other gas basins.

Mr. Madigan has set up the wrong test to assess the reasonableness of the NEXUS rate paid by DTE Gas. The proper test is to compare the NEXUS rate to other pipeline options and their all-in cost to bring gas to the MichCon citygate, as shown in Exhibit AG-1. This is the proper comparison that other Michigan utilities have made, and the fact that those other utilities have not signed up for NEXUS capacity is a clear affirmation that the $0.695 and $0.845 rates paid by DTE Gas are not reasonable against other gas transportation options.

Comparing the discounted rates that the Company signed with NEXUS with the filed maximum transportation rates, as Mr. Madigan has done, serves no purpose. For example, when the Company requests bids for other gas supply, it compares each supplier's bid price to the other suppliers' bid prices to select the winning bid. It does not compare those suppliers' offered prices to the maximum rate they could charge to determine the winning bid and establish a fair price. Similarly, when assessing the reasonableness of the NEXUS transportation capacity cost into Michigan, the comparison is to the transportation cost from other pipelines bringing gas into Michigan from the Marcellus-Utica basins and from other basins. In this regard, Mr. Madigan's analysis fails to meet the basic tenets of reasonable and economic decision-making.

Similarly, Mr. Madigan's other arguments that the Company has a favored nations provision in its contract with NEXUS and the decision not to agree to a variable rate with a capital tracker are not significant benefits that override the high fixed cost of NEXUS transportation. The favored nation provision has been given to multiple shippers on the pipeline. It expired once NEXUS began operation of the pipeline and no benefit has resulted from it.

With regard to the issue that some of NEXUS' customers chose to take a risk by signing a variable transportation rate tied to the capital cost of the pipeline, and the fact that those customers are now paying a higher rate, in no way does their risk-taking justify the rate paid by DTE Gas to NEXUS. The transportation rate negotiated and paid by other shippers on the NEXUS pipeline reflects their particular gas supply situation and the pipeline alternatives they have or do not have.

Both of these issues are distractions. The key determinant of whether the transportation rates paid to NEXUS are reasonable or unreasonable is the total cost gas delivered to Michigan by NEXUS versus other alternative suppliers. As shown in Exhibit AG-1, under that key test, the Company has failed to justify that the transportation rates paid to NEXUS are fair and reasonable.

Q. ON PAGES 23, 24 AND 33 OF HIS DIRECT TESTIMONY, MR. MADIGAN DISCUSSES THE INCREMENTAL RATE PAID TO NEXUS TO TRANSPORT GAS SUPPLY FROM THE CLARINGTON PURCHASE LOCATION TO KENSINGTON AND THE COST SAVINGS FROM THIS ADDITIONAL GAS PURCHASE LOCATION. WHAT ARE YOUR OBSERVATIONS?

A. In his testimony, Mr. Madigan points to the TEAL contract has an example, and the only example, where the Company negotiated an arrangement with NEXUS to reduce the overall cost of NEXUS delivered gas supply. The basic problem here is that, in adding the TEAL portion to the NEXUS original contract, the Company had to agree to pay NEXUS an additional $2.1 million annually to transport 37,500 Dth/day from Clarington to Kensington and then still pay the same firm capacity costs to transport that gas from Kensington to Michigan.[7]

On page 33 of his direct testimony, Mr. Madigan claims that the TEAL amendment has reduced gas costs over the past four years and will continue to do so for the next two years.[8] However, the net cost savings calculated by the Company are based on assumed price differentials between prices at the Kensington and Clarington gas receipts points using proxy price indices, with some prices simply estimated by the Company. There are several problems with the forecasted cost savings. First, the Kensington gas purchase point has very limited gas supply and due to the limited trading liquidity, gas prices vary considerably from month to month. This lack of price consistency makes the price forecasts and the resulting gas cost savings highly unreliable. Second, there is a perverse and detrimental circularity to the cost savings that rely on Kensington forecasted prices. The higher that the Kensington prices are forecasted relative to the Clarington purchase location, the higher the cost savings that are purportedly achieved.

[7] TEAL annual contract cost in 2020-2021 GCR year: 37,500 x 366 x $0.15 = $2,053,125.
[8] The original TEAL amendment was set to expire in October 2022. The Company recently announced that the contact amendment has been extended to October 2024.

In other words, as discussed above, DTE Gas initially justified the NEXUS capacity agreement on lower Kensington gas prices relative to other gas supply sources delivered to Michigan. However, now the justification for the TEAL agreement is based on higher Kensington gas prices. As shown in Exhibit AG-1, Kensington gas prices during the 2021-2022 GCR year were $4.11 per Dth, or 84% higher than the $2.23 average price at Clarington. Therefore, according to the Company the worse that Kensington gas prices become the higher the savings from the TEAL agreement. The analysis used to calculate the purported cost savings at Clarington results in a perverse and faulty outcome. The Commission should not rely on the purported TEAL cost savings to justify a contract with NEXUS that on an overall basis, as discussed earlier, has increased gas costs for GCR customers.

Q. PLEASE ADDRESS THE COMMISSION'S DIRECTIVE IN CASE NO. U-20543 THAT THE COMPANY SEEK TO RENEGOTIATE GAS SUPPLY CONTRACT PROVISIONS WHEN MARKET CONDITIONS CHANGE.

A. In its April 8, 2021 order in GCR plan Case. No. U-20543, the Commission reiterated the following directive to the Company.

> The Commission further recognized that even when long-term contracts are encouraged, "this does not absolve a utility from monitoring and responding to market conditions and system needs and making good faith efforts to manage existing contracts." [December 9, 2020 order in Case No. U-20203, p. 26]. The December 9 order further provided that "[s]uch efforts may entail meaningful attempts to renegotiate contract provisions to ensure continued value for ratepayers as market conditions change." Id. Thus, as the Commission has identified in previous cases, DTE Gas is under a continuing obligation to provide complete evidentiary support justifying its long-term contracts and compliance with the Code of Conduct. On a going forward basis, the Commission will expect to see evidence that the company has taken steps to minimize the cost of gas, including efforts to renegotiate contracts, and will look to comparisons with other

> long-term supply options as informative as to whether this particular contract adheres to the requirements of the Code of Conduct. In addition, although the TEAL amendment may help to mitigate the higher-than expected prices at Kensington in the short term, the vast majority of the NEXUS contract is tied to gas supply at the Kensington receipt point. As such, additional information regarding the market outlook at Kensington would be helpful in informing the Commission's review of the ongoing reasonableness over the full life of the NEXUS contract and its amendments.[9]

Q. HAS THE COMPANY COMPLIED WITH THE COMMISSION DIRECTIVE TO MAKE MEANINGFUL AND GOOD FAITH EFFORTS TO RENEGOTIATE LONG-TERM CONTRACTS, REDUCE THE COST OF GAS, PROVIDE ADDITIONAL INFORMATION ON THE KENSINGTON GAS MARKET OUTLOOK, AND PROVIDE A COMPARISON OF NEXUS GAS SUPPLY TO OTHER LONG-TERM GAS SUPPLY OPTIONS?

A. No. On pages 33 through 35 of his direct testimony, Mr. Madigan attempts to address the Commission's directive that the Company renegotiate the existing NEXUS transportation rate in light of the lack of net cost savings to customers from the NEXUS capacity contract. However, Mr. Madigan's only answer is the signing of the TEAL amendment in November 2018.

In his direct testimony, Mr. Madigan also point to the ICF study and concludes that the Company believes that the expected benefits of the NEXUS contract will still materialize. He also states that there are risks in long-term contracts that may change expected outcomes. Mr. Madigan's testimony is basically unresponsive to the Commission's directive and shows the lack of any meaningful action, other than the TEAL amendment, to reduce the high burden on customers from the NEXUS capacity contract.

[9] MPSC Case No. U-20543, April 8, 2021 order at page 7.

Interestingly, Mr. Madigan admits that an appropriate time for the Company to renegotiate the NEXUS contract would have been during the multiple delays and extension of the contract start date. However, the Company did not take advantage of those opportunities and simply agreed to the extensions without extracting any cost concessions. This is an egregious failure by the Company's management that rises to the level of imprudence.

With regard to the FTI study, I will address the faulty analysis and conclusions of that study later in my testimony.

Q. HOW DID THE COMPANY ADDRESS THE COMMISSION DIRECTIVE THAT IT IS UNDER A CONTINUING OBLIGATION TO PROVIDE COMPLETE EVIDENTIARY SUPPORT JUSTIFYING ITS LONG-TERM CONTRACTS AND COMPLIANCE WITH THE CODE OF CONDUCT?

A. In his direct testimony, Mr. Madigan tries to dismiss the Company's obligation to provide evidentiary support that the NEXUS contract complies with the Code of Conduct by stating that any reduction in transportation contract rates negotiated by DTE Gas would be discriminatory to other NEXUS customers. This attempt to turn the Code of Conduct on its head by claiming discriminatory practice is ludicrous.

As stated earlier in my testimony, pipelines typically set a maximum tariff for service to specific locations and will negotiate lower rates with customers depending on market competitive conditions in the area they serve. Mr. Madigan should be very familiar with this practice because with several of the gas transportation contracts DTE Gas has with ANR, PEPL, and other interstate pipelines it routinely issues requests for proposals when renewing transportation capacity contracts and negotiates specific discounted rates with those pipeline suppliers. In fact, in response to discovery response AGDG-1.9, the Company reported that it has signed discounted transportation capacity contracts at discounted rates from 12% to 40% below the maximum tariff rate.[10] In comparison, the $0.695 rate paid to NEXUS is only a 5.5% discount to the maximum tariff rate.[11]

Therefore, the MPSC's Code of Conduct and the FERC's Standards of Conduct should not stand in the way of the Company taking serious and aggressive steps to negotiate lower transportation rates with NEXUS.

Q. DID THE COMPANY MEANINGFULLY ADDRESS THE COMMISSION'S DIRECTIVE TO PROVIDE ADDITIONAL INFORMATION ON THE KENSINGTON GAS SUPPLY AND MARKET OUTLOOK?

A. No. In his testimony, Mr. Madigan makes only a passing remark that although there have been delays that have affected pricing and the availability of gas supply at the Kensington gas purchase location it still expects to achieve the expected benefits.[12] No analysis has been provided by the Company about the current gas supply and pricing situation at Kensington and how it may likely change in the future. This lack of information reflects the Company's inability to properly assess the future gas supply prospects at Kensington and reinforces the need to negotiate a lower NEXUS transportation rate due to the limited access to gas supply at this primary gas supply location.

Q. WAS THE AVAILABILITY OF SUFFICIENT GAS SUPPLY AT LOW PRICES AT KENSINGTON A FUNDAMENTAL FACTOR TO THE COMPANY'S PROPOSAL

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[10] Exhibit AG-10 includes DR AGDG-1.9 with attachment.
[11] Joseph Madigan direct testimony at page 21.
[12] Id. at page 34.

TO ENTER INTO THE NEXUS CAPACITY CONTRACT, AND ALSO THE COMMISSION DETERMINATION THAT THE NEXUS CONTRACT WOULD PROVIDE A REASONABLE LONG-TERM GAS SUPPLY AT LOW PRICES WHICH WOULD BENEFIT GCR CUSTOMERS?

A. Yes. The Company represented to the Commission in Case Nos. U-17941, U-17691, U-18412, and other related cases, through the testimony of Robert Lawshe and Michael Sloan, that the NEXUS pipeline would access low-cost gas supply in the Kensington region. The ICF projections of large net cost savings to customers from signing the NEXUS capacity contract presented by Mr. Sloan were predicated on the availability of gas supply at low prices at Kensington. As we know now, that premise turned out to be false. Either naively by relying on NEXUS' representations or in order to support a project sponsored by an affiliated company, it is now evident that DTE Gas did not perform sufficient due diligence to ascertain that sufficient gas exploration had taken place in the area and gas production would occur.

It is instructive to note that in submitting its firm interest for capacity during NEXUS' open season, DTE Gas stated that one of the conditions was the ability to secure 15-year supply contracts with Utica producers and suppliers with a specified pricing mechanism.[13] It is now apparent that this condition was not adhered to. Instead, after submitting its firm expression of interest to NEXUS on November 30, 2012, the Company proceeded to sign

[13] Exhibit AG-11 includes DR U-20544 AGDG-3.95a.

an initial Precedent Agreement in December 2013 and a final agreement in July 2014, without those conditions.[14]

The reality was that the Kensington area did not have sufficient gas reserves and production, and to date still has not provided the expected gas supply and the forecasted lower gas prices. Furthermore, the purported net cost savings forecasted by ICF have not materialized and based on the more recent FTI study, if they materialize, will be a fraction of the originally anticipated cost savings. This is a drastic decline from the projections which the Company previously presented to the Commission to justify the purchase of NEXUS capacity. In effect, the Company has misled the Commission and other parties who participated in the previous NEXUS proceedings.

Customers should not be expected to backstop an uneconomical project. Both DTE Gas and NEXUS need to be held accountable for the project shortcomings. The Commission's directive that DTE Gas seek to renegotiate the transportation rate is a reasonable expectation and one that the Company has not heeded.

Instead, the Company makes excuses about not having a basis to demand a renegotiation of the rate and not wanting to treat an affiliated company differently than other parties. These arguments and the updated net cost savings report from FTI are distractions from the main objective of lowering the cost of NEXUS transportation.

[14] MPSC Case No. U-17941, Exhibit A-30 and Exhibit A-31.

The Commission should not accept the Company's excuses and deflections, or the obvious dismissal of the Commission's directive to the Company to negotiate a lower transportation rate. It is now time for the Commission to take more decisive action and disallow the incremental costs bought about by NEXUS and quantified in Exhibit AG-2.

Q. DID THE COMPANY ADDRESS THE COMMISSION'S DIRECTIVE TO PROVIDE A COMPARISON OF NEXUS GAS SUPPLY COSTS WITH OTHER LONG-TERM GAS SUPPLY OPTIONS SHOWING THAT IT HAS MINIMIZED THE COST OF GAS FOR GCR CUSTOMERS?

A. No. The Company has not provided any comparison that shows the cost of gas supply delivered to Michigan through NEXUS during the 2021-2022 GCR reconciliation period, or prior reconciliations, is competitive compared to gas supply delivered by other pipelines. The only comparison that addresses the Commission directive is the comparison I have completed and shown in Exhibit AG-1 in this reconciliation and the prior three reconciliation cases. As discussed earlier in my testimony, this comparison shows that the cost of NEXUS gas supply in the 2021-2022 GCR year was 39% higher than the average cost of gas supply from other alternative gas suppliers to the Company.[15]

The analysis presented in Exhibit AG-1 shows that NEXUS' gas supply delivered to Michigan is not competitive with other sources of gas supply and justifies the $26,610,255 cost disallowance calculated in Exhibit AG-2 for the added cost burden imposed on GCR customers.

[15] Exhibit AG-1, line 17 at $3.90 for NEXUS vs. line 72 at $2.80 for other gas suppliers.

Q. PLEASE DISCUSS THE UTILIZATION OF THE NEXUS CAPACITY DURING THE 2021-2022 GCR YEAR.

A. In Revised Exhibit A-28, the Company presented the utilization percentages of the transportation capacity volumes with all its interstate pipeline suppliers. To focus the discussion on the NEXUS capacity, I have prepared Exhibit AG-5 with information sourced from Revised Exhibit A-28 and supporting workpapers. As shown on line 6 of this exhibit, the Company was able to keep the TEAL portion of 37,500 Dth/d of capacity from Clarington to Kensington at near 100% utilization for most of the year, except in April 2021. However, the Company continued to struggle to keep the remaining portion of 37,500 Dth/d of capacity from Kensington to Michigan at full utilization. As shown on line 10 of Exhibit AG-5, this portion of the capacity was only utilized 74% on average for the year with several months ranging between 18% and 66% in utilization before capacity was released to other parties.

Q. IS IT REASONABLE TO EXPECT THAT THE COMPANY UTILIZE CLOSE TO 100% OF THE NEXUS CAPACITY?

A. Yes. In its application requesting that the Commission approve the NEXUS capacity contract, the Company represented that it would be able to access sufficient gas supply at Kensington and that the lower cost of those purchases versus other supply sources delivered to the MichCon citygate would more than offset the cost of transportation.[16] The

[16] MPSC Case No. U-17941, Robert Lawshe direct testimony at page 52.

purported net benefits of the NEXUS transportation arrangement were calculated based on 100% capacity utilization.

However, we now know that the Company misrepresented its case to the Commission and did not have adequate information to ascertain that sufficient gas supply existed at Kensington. When asked in discovery why it has not been able to acquire sufficient gas supply at Kensington at attractive prices, the Company made the following statement.

> When DTE Gas first started exploring the NEXUS greenfield pipeline it was anticipated that drilling would occur around the region serviced by the Kensington plant. As the area developed, more of the drilling went further south (near Clarington) due to the liquid rich environment resulting in lower prices at Clarington versus at Kensington.[17]

It was imprudent for the Company to commit to the purchase of 75,000 Dth/day of capacity at an annual cost of $19 million for a period of 15 years and a total cost of more than $285 million without having a high degree of certainty that the pipeline would access the expected gas supply.[18] Furthermore, it was highly misleading for the Company to project net cost savings to DTE customers of $575 million in the 2014 ICF Resources (ICF) report and $251 million in the 2015 ICF report based on lower gas prices at Kensington, which we now find are not even remotely attainable.[19]

The Company may argue that it is keeping the Kensington capacity in reserve for peak day demand. However, the Company's premise in acquiring the NEXUS capacity was that it

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[17] Exhibit AG-12 includes DR U-20236 AGDG-1.11c.
[18] Annual capacity cost: 75,000 x 365 days x $0.695 = $19,025,625. Cost of capacity over 15 years: $19,025,625 x 15 = $285,384,375. This amount excludes the TEAL amendment which was signed in the Fall of 2018 after the Company's initial decision to contract for NEXUS capacity.
[19] MPSC Case No. U-17691, Exhibit A-30, page 59, and MPSC Case No. U-17941, Exhibit A-34, page 39.

would access gas supply at lower prices in the Kensington area than at other purchase locations, which would more than offset the cost of the NEXUS transportation fees. If that premise was correct, then Kensington gas purchases should be priced at a lower rate than other purchase locations and the Company's variable purchase cost model would select Kensington as the lowest cost purchase location over other purchase locations accessed by ANR, PEPL, and other pipelines with which the Company holds capacity.

The result would be that the pipeline capacity other than NEXUS would be held in reserve instead of NEXUS capacity. However, the reality is that there is not sufficient gas supply at Kensington at attractive prices to fully utilize the NEXUS capacity.

Q. DID THE COMPANY RELEASE UNUSED NEXUS CAPACITY IN THE CAPACITY RELEASE MARKET?

A. Yes. To improve the utilization rate, the Company has attempted to release the unused NEXUS capacity in the pipeline capacity release market. During the 2021-2022 GCR year, the Company was able to release some of the unused capacity for the Kensington to Michigan portion of the capacity during May through September 2021 and in March 2022. As shown on line 21 of Exhibit AG-5, the value received from the capacity release was only $131,425. This is in comparison to DTE Gas paying NEXUS $1.6 million for the released capacity for those six months, which equates to a loss in value of about $1.5 million.

As shown on line 22 of Exhibit AG-5, when considering the fact that the Company did not fully utilize the NEXUS capacity for certain months of the GCR period and received only a small amount of revenue on released capacity, the loss of value from the unused capacity is approximately $3.0 million. In other words, customers are paying $3.0 million for NEXUS capacity costs that the Company failed to adequately utilize for its own use. This situation compounds the problem of the higher cost of NEXUS gas supply delivered to Michigan, which is reflected in the proposed disallowance in this GCR reconciliation.

Q. HOW DO YOU RESPOND TO THE COMPANY'S STATEMENT THAT NEXUS WAS ALWAYS POSITIONED AS A LONG-TERM SOLUTION TO BENEFIT CUSTOMERS AND PROVIDE FURTHER DIVERSITY OF GAS SUPPLY?

A. In prior GCR cases, DTE Gas has positioned NEXUS as a long-term solution to benefit GCR customers by tapping into the prolific Marcellus/Utica basin to further diversify the Company's gas supply.[20] Through the direct testimony of Mr. Madigan in this reconciliation case, the Company also claims that the influx of Appalachian gas supply coming into the Midwest through NEXUS and the Rover pipeline has resulted in a shift in the MichCon basis from a premium to a discount in comparison to the NYMEX price. Supposedly, these two events should overcome the higher cost of NEXUS-delivered gas supply shown in Exhibit AG-1.

The Company's statements and conclusion have no factual basis and are pure speculation. The Company has had access to multiple sources of gas supply before and after the contract with NEXUS. DTE Gas has interconnections with five other interstate pipelines bringing natural gas into Michigan from various basins in North America, including the Marcellus-

[20] MPSC Case No. U-20236, Eric Schiffer direct testimony at page 27:4-12.

Utica area. This abundance of gas supply diversity in Michigan is validated by the fact that none of the other Michigan natural gas utilities have contracted for capacity with NEXUS and are instead relying on less costly capacity on the other pipelines to bring Marcellus-Utica natural gas into Michigan.[21]

Q. ON PAGE 32 OF HIS DIRECT TESTIMONY, MR. MADIGAN STATES THAT AS A RESULT OF MORE APPALACHIAN GAS SUPPLY BROUGHT INTO THE MICHIGAN AREA, THE MICHCON CITYGATE BASIS PRICE HAS DECLINED AND IMPLIES THAT THIS LOWER PRICE IS ATTRIBUTABLE TO NEXUS. DO YOU AGREE?

A. No. To support his argument that Appalachian gas brought into Michigan by NEXUS and the Rover Pipeline has lowered gas prices for Michigan consumers, Mr. Madigan points to the change in basis premium and discount between the NYMEX price and the MichCon citygate price. Without providing any evidence, Mr. Madigan states that the basis premium at the MichCon citygate was essentially erased between 2015 and 2017 with the arrival of Appalachian gas. He further states that with the start of operations by Rover and NEXUS in 2018, the MichCon basis turned negative.

There are two problems with that theory. First, gas supply into Michigan on the Rover and NEXUS pipelines did not start flowing into Michigan until the late summer and fall of 2018. Therefore, the significant decline in the basis premium that started in the summer

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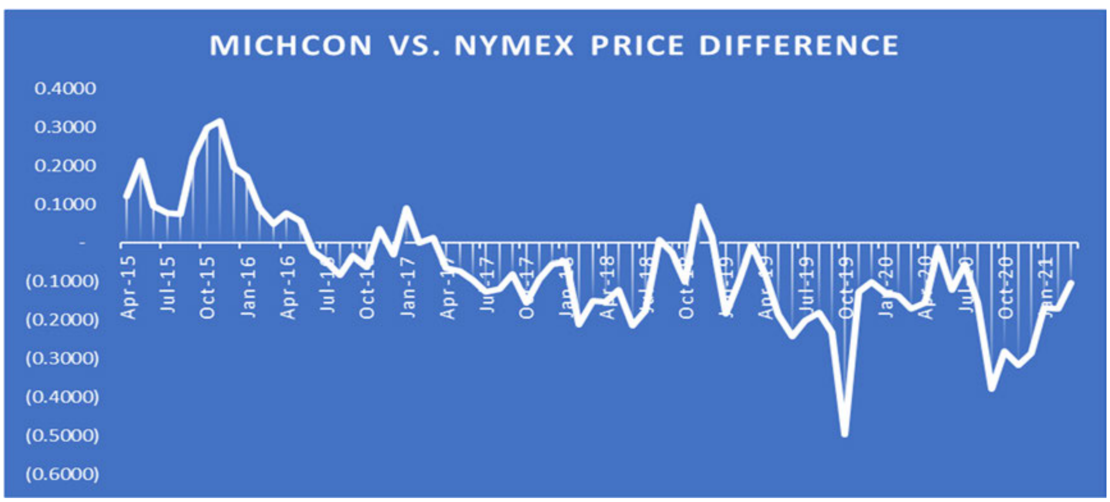
[21] PEPL, ANR, and Trunkline bring natural gas into Michigan from various gas basins, including the Marcellus-Utica area. See Case No. U-20233, Consumers Energy GCR plan filing Michael Ross direct testimony at page 21; Case No. U-20239, MGUC GCR Plan filing Russell Laursen direct testimony at pages 11 and 14; U-20245, SEMCO Energy Gas GCR plan filing of Walter Fitzgerald direct testimony at page 5 and Tamara Spencer direct testimony at page 3.

of 2015 and reversed to a negative or discount in the summer of 2017 cannot be attributed to the new gas brought into Michigan by the two pipelines, because they were not operational during that time.

With regard to the implication by Mr. Madigan that NEXUS has made a significant contribution to the shift in the MichCon basis from a premium to a discount to the NYMEX price, this claim is unsupported by the facts. The following graph charting the MichCon basis by month from April 2015 to March 2021 shows the decline beginning in 2015 and the basis discount moving up and down in the negative range in the summer of 2017, well before NEXUS began delivering gas supply.[22] NEXUS gas supply deliveries to Michigan began in November 2018.



[22] DTE Gas response to U-20236 DR AGDG-1.10a and Exhibit A-1, lines 14-24, column (f).

Therefore, the decline is likely the result of factors in the upper Midwest gas market other than the anticipated start of the NEXUS pipeline, which did not receive approval from the Federal Energy Regulatory Commission (FERC) until the second half of 2017.

In fact, the data contradicts Mr. Madigan's claim. Beginning in August 2018 and through November 2018, the period when NEXUS began delivering gas supply, the MichCon basis went from a discount to a premium. If NEXUS gas supply was making a difference, the additional gas supply starting in November 2018 would have lowered the MichCon basis, not increased it.

Although there were large drops in the basis in October 2019 and September 2020, these declines appear to be temporary anomalies in the gas market, as later months returned to a normal range. From this information, it is apparent that there is no credible evidence for the Company to claim that NEXUS has contributed to lowering other gas supply costs by turning the MichCon basis from a premium to a discount.

Furthermore, in order for other suppliers to lower the price of gas delivered to Michigan they would need to see that gas supply delivered by NEXUS was a competitive threat. However, as shown in Exhibit AG-1 with the price of NEXUS delivered gas to Michigan being significantly higher than other supply sources, there is no competitive threat or need for other suppliers to lower their prices.

Q. BEGINNING ON PAGE 25 OF HIS DIRECT TESTIMONY, MR. MADIGAN DISCUSSES THE ICF AND FTI STUDIES, CHANGES IN GAS PRICES, AND CHANGES IN THE GAS MARKET, SUCH AS SIGNIFICANT INCREASES IN

GAS RESERVES AND TECHNOLOGICAL IMPROVEMENTS THAT HAVE AFFECTED GAS PRICES AND THE PROJECTIONS MADE IN THE ICF AND FTI STUDIES. WHAT ARE YOUR OBSERVATIONS?

A. In his testimony, Mr. Madigan present a conglomeration of thoughts and conclusions with no clear purpose. As a result, it is not clear if he is bolstering the ICF and FTI studies or undermining them. First, he states that the 2014/2015 ICF study was prepared when gas prices were projected to be between $5-10 per Dth over the life of the NEXUS contract. Without proof, he avers that the run-up in gas prices in the second half of 2022 provided additional credibility that the projections and conclusions in ICF study were valid. In response to discovery, Mr. Madigan admitted that the Company did perform any recent re-run of the ICF study to support his conclusion.[23]

At the same time, on pages 26 through 29, Mr. Madigan argues that the gas market is now considerably different than when the ICF study was prepared, supposedly due to the war in Ukraine, technological improvements in drilling, and increased gas reserves. If these assumptions or factors are true, then the ICF study and its conclusions are no longer valid because they are based on circumstances that no longer exist.

The contradictions in his arguments reflect the feeble attempt to justify the dramatic decrease in the cost savings projected by FTI in their report issued in 2021 versus the ICF projections in 2014 and 2015. In 2015, ICF projected that the Company's customers would realize net cost savings of $251 million from lower Appalachian gas supply after taking

[23] DTE Gas response to DR AGDG-1.10.

into consideration the cost of NEXUS transportation capacity. The FTI study is now projecting net savings of $199 million. Later in my testimony, I will address the faulty calculations and assumptions underlying FTI's projected cost savings, which nullify the purported cost savings in the report.

Q. PLEASE ADDRESS MR. MADIGAN'S DIRECT TESTIMONY THAT CIRCUMSTANCES WITH NATURAL GAS PRICES AND GAS SUPPLY HAVE CHANGED SINCE THE ICF REPORTS IN 2014 AND 2015.

A. Natural gas prices have varied significantly in the past three years with prices ranging from less than $2 per Dth in early 2020 to as high as $9 dollars in the fall of 2022, and now in early 2023 returning to near $2 again. It is pure speculative on the part of Mr. Madigan to state that level of gas prices validates either the ICF or FTI conclusions in their respective studies and reports. It is not the gas price level that determines, the projected cost savings of the NEXUS capacity contract but the spread ,or differential, between prices at Kensington and Clarington versus the gas prices at the MichCon citygate. Net gas cost savings only occur when the price differential exceeds the cost of transportation paid to NEXUS, which is either $0.695 or $0.845 per Dth depending if the gas was purchased at Kensington or Clarington. As shown in Table 1 earlier in my testimony, the price differential has not been sufficient to cover the cost of the NEXUS transportation capacity during periods of both low and high gas prices. In fact, as shown in the table, during the run-up in gas prices in 2021-2022 the spread was not a benefit but a significant cost that exacerbated the bad economics of the NEXUS capacity contract.

The basic problem with both the ICF and FTI studies is that they predict highly inflated spreads between Kensington/Clarington and the MichCon citygate prices, which result in grossly optimistic and inaccurate forecasted net benefits accruing from the NEXUS capacity contract. The AG and other parties have repeatedly pointed this out to the Commission in various GCR and PSCR plan cases.[24] We are now seeing those warnings of highly inflated benefits come to light.

It appears that the Company now wants to disavow those projections as being unusual gas market conditions that could not have been foreseen. On pages 26 through 29 of his direct testimony, Mr. Madigan presents various price projections and gas reserve data to bolster his argument that the gas market has changed dramatically since 2015. However, if the ICF model was as reliable as it was portrayed in the testimony of the Company's witnesses and by ICF experts in previous cases, it should have predicted more accurately the addition of new gas reserves and the excess gas supply that resulted in lower gas prices since 2019.

As shown in the Dry Natural Gas Proved Reserve chart, by 2015 it was obvious that gas reserves were increasing at a rapid pace and would likely result in a long-term gas supply imbalance with lower gas price ramifications. The technological improvements in directional drilling and fracking to extract more gas out of the gas formations were also

[24] MPSC Case No. U-17691, Sebastian Coppola direct testimony at page 15. MPSC Case No. U-17941, Sebastian Coppola direct testimony at page 16. MPSC Case No. U-17920, Sebastian Coppola direct testimony at page 28 and James Wilson direct testimony on behalf of MEC at page 28. MPSC Case No. U-18143, Sebastian Coppola direct testimony at page 18 and James Wilson direct testimony on behalf of MEC at page 27.

well known by 2015. Therefore, these should not be considered new or unforeseen developments.

The fact of the matter is that the ICF model projected widening price spreads between Kensington gas prices and MichCon citygate prices over a 20-year period, which worked to inflate the projected net benefits in order to justify the acquisition of NEXUS capacity. The result was that the Commission was misled to believe that those benefits could be realized. As discussed later, the projections made by FTI of also widening price spreads in the future suffer from the same problems and should not be relied on by the Commission in taking appropriate steps to disallow excessive NEXUS transportation costs.

Q. PLEASE ADDRESS MR. MADIGAN'S DISCUSSION OF THE UPDATED FORECASTED COST SAVINGS PROJECTED BY FTI.

A. Beginning on page 30 of his direct testimony, Mr. Madigan states that by presenting the FTI 2021 report the Company wanted to address the Commission's concern that it had not previously updated the 2015 ICF report on projected cost savings from the NEXUS capacity contract. In his testimony, Mr. Madigan provides a brief summary of the FTI report, identifies the purported $199 million of updated projected savings that could be realized by DTE Gas customers and the $1 billion of cost savings by Michigan consumers from the NEXUS pipeline, and references previous GCR cases where the FTI report was introduced.

It is noteworthy to point out that the $199 million includes projected savings through 2038, which is five years past the current NEXUS capacity agreement between DTE Gas and

NEXUS. The NEXUS capacity agreement expires in 2033. According to Mr. Sosnick's direct testimony in Case No. U-20544, the DTE Gas customer savings through 2033 are $104 million.[25] Those projected net savings also include potential cost savings from the Company buying natural gas at Clarington. Those projected net savings are $23 million through 2038, and they are approximately $12 million through 2033.[26]

The FTI analysis assumes that the TEAL agreement will be extended through 2038, although currently it is set to expire in October 2024 and DTE Gas and NEXUS have not agreed to any further extensions. This is a bold assumption given that the term and pricing of any future extensions are unknown. If we exclude the TEAL extension net cost savings after October 2024, the projected FTI net benefits are approximately $82 million.[27]

In his testimony, Mr. Madigan did not mention that the 2015 projected ICF cost savings to DTE Gas customers were $251 million over the 15-year term of the NEXUS capacity contract.[28] Therefore, the FTI updated net cost saving projections of $82 million, if we can rely on them, are only one-third of the ICF 2015 projections. As I will discuss later in my comments and observations about Mr. Sosnick's direct testimony in Case No. U-20544, the projected net cost savings by FTI are even lower and are as unreliable as the original ICF projections have proven to be.

[25] Kenneth Sosnick direct testimony Table 4 at page 15, if savings stopped in 2033 at the end of the contract term.
[26] Calculations performed by S. Coppola from FTI cost savings model provided in response to U-20528 DMM-1.1 Exh A-42 Public Workpapers FT Study-Confidential.
[27] *Id*.
[28] MPSC Case No. U-17941, Michael Sloan direct testimony at page 21, Table 2.

In presenting the FTI report, the Company is attempting to reconfirm that the previously projected cost savings by ICF are still valid. However, the FTI report is not an affirmation, but instead a repudiation of the ICF cost savings projections, given the large loss of projected savings. The Commission should be highly skeptical of the new report that projects cost savings decades down the road, when recent data shows no such cost savings have materialized.

Q. BEGINNING ON PAGE 32 OF HIS DIRECT TESTIMONY, MR. MADIGAN STATES THAT BRINGING ADDITIONAL GAS SUPPLY TO MICHIGAN WOULD BE BENEFICIAL TO DTE GAS CUSTOMERS AND DISCUSSES THE RUN UP IN PRICES IN OKLAHOMA AND A FEW OTHER SELECTED AREAS OF THE COUNTRY IN FEBRUARY 2021. WHAT IS YOUR RESPONSE?

A. Although Mr. Madigan does not point specifically to any additional gas supply source, the implication is that because of the NEXUS pipeline delivering gas supply to Michigan, gas prices in Michigan did not escalate to the level seen in Oklahoma. The comparison is preposterous. The run up in prices in Oklahoma was at the field locations where certain pipelines experienced wellhead freeze-offs due to colder-than normal weather and also from the loss of electric power to operate certain equipment. With the temporary loss of some gas supply from this area of the country, gas prices at these field locations and other select areas of the country experience higher gas prices over a five-day period.

Contrary to Mr. Madigan's implications, there is no supporting evidence that Michigan customers did not experience a significant run up in prices during those five days in February 2021 because of the gas supply brought to Michigan by the NEXUS pipeline from the Appalachian region. NEXUS is only one of nearly a dozen pipelines that deliver gas to Michigan. The gas supply delivered to Michigan by NEXUS for DTE Gas and DTE Electric Company in 2021 at full capacity was less than 4% of the total gas demand in Michigan (105,000 Dth/d x 365 / 972 Bcf). Furthermore, during February 2021 gas utilities in Michigan would use gas from storage to meet demand from colder weather, which would significantly mitigate price impacts on gas supply at the MichCon citygate.

The claim that somehow NEXUS gas supply kept gas prices from escalating to the levels experienced in other select areas of the country is purely self-serving speculation and the Commission should disregard it.

Q. BEGINNING ON PAGE 35 OF HIS REVISED DIRECT TESTIMONY, MR. MADIGAN SHOWS A QUOTATION FROM NEXUS' JUNE 30, 2021 FILING WITH FERC. DOES THE QUOTED STATEMENT ACCURATELY CAPTURE THE REASON WHY NEXUS IS UNDER-RECOVERING ITS COST OF SERVICE?

A. No. The statements made by NEXUS in the FERC filing are self-serving and misstate the real reason why the Company is under-recovering its cost of service. It is not because it agreed to discounted rates. It is because it has not sold sufficient capacity as it had initially anticipated. The NEXUS pipeline has 1.5 Bcf of daily capacity, which is 1,500,000 Mcf/day or equivalent to 1,590,000 Dth/day at a Btu factor of 1.060.

In response to a discovery request, the Company reported that its review of the NEXUS' FERC Filing and Statement G in Exhibit No. NXUS-0007 shows that NEXUS had contracted for total long-term and short-term daily capacity of 930,000 Dth for the 12 months ended June 30, 2021.[29] Based on the 1,590,000 Dth/day of total capacity, NEXUS had only sold 58% of its available capacity on the pipeline. It is mainly this shortfall in sold capacity and not the rate charged to shippers, such as DTE Gas, that is the reason for NEXUS its cost of service.

The pipeline's low utilization is a reflection of the reluctance of prospective customers to sign up for capacity on the pipeline due to the high tariff rate, even when discounted, and the limited gas supply in the Kensington area in comparison to other prolific areas of the Marcellus/Utica region.

Q. DO YOU HAVE ANY COMMENTS OR OBSERVATIONS ON THE FTI REPORT?

A. Yes. Throughout his direct testimony on the NEXUS pipeline, Mr. Madigan references the FTI report and the conclusion contained in it. Although he did not include a copy of the report as an exhibit to his testimony, on page 30 of his testimony, Mr. Madigan references prior GCR cases where the Company included the report.

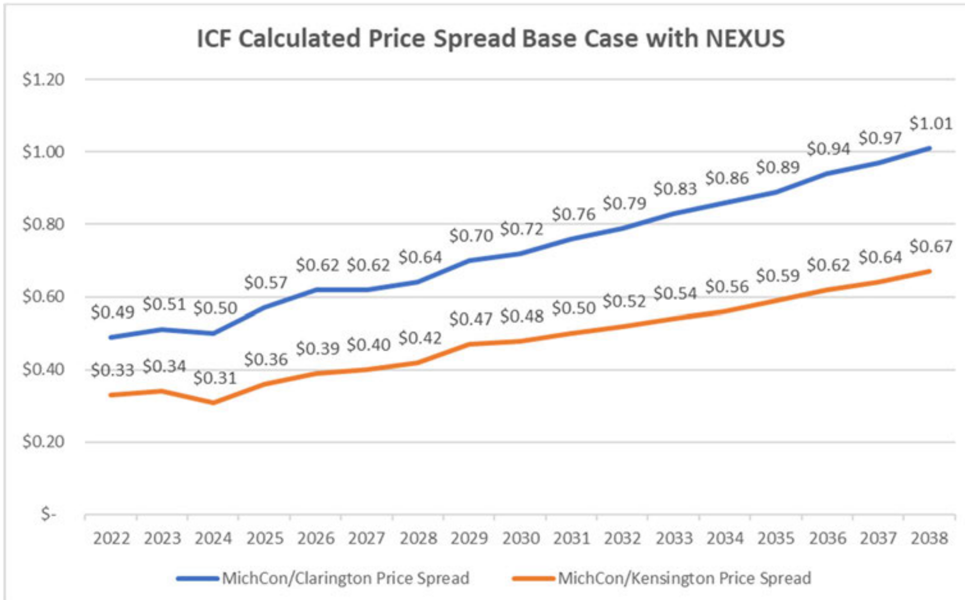
In Case No. U-20544, I provided testimony responding to the FTI report and the testimony filed by Mr. Kenneth Sosnick on behalf of the Company. In my testimony in this

[29] Exhibit AG-13 includes DR U-21064 AGDG-2.41b with attachment. DTE Gas calculated a utilization rate of 69% based on total pipeline daily capacity of 1,363,000 Dth. The source of this capacity is unknown and contrary to NEXUS' public statements about the daily capacity of the pipeline of 1.5 Bcf/day or 1,590,000 Dth/d.

reconciliation case, I will repeat my comments and assessment of the FTI report. After reviewing Mr. Sosnick's direct testimony in Case U-20544 and accompanying Exhibit A-30, it is apparent that his calculations of the projected cost savings from the NEXUS pipeline suffer from several shortcomings and problems not dissimilar to those present in the previous ICF reports. Below I discuss the major problems.

1. Under its Base Case, FTI performed a simulation analysis of projected gas prices at Kensington and Clarington versus Michigan, Ohio, and Ontario from 2022 to 2038 assuming that NEXUS was built and also assuming NEXUS had not been built. FTI uses the difference in prices between those two scenarios multiplied by the forecasted purchases during 2022 to 2038 to arrive at its projected gas cost savings to justify the construction of the NEXUS pipeline. There are myriad assumptions in the simulation model about gas demand and supply at various areas in the targeted markets and gas supply basins and how those factors affect gas prices. This myriad of assumptions makes the calculated cost savings no better than a speculative projection. As we have seen with the ICF cost savings reports, any projections that are a decade or two into the future are highly speculative and unreliable.

   For example, on page 15 of his direct testimony, Mr. Sosnick shows the projected annual net cost savings for DTE Gas from 2022 to 2038. The projected net cost savings are based on projected increasing spreads between MichCon citygate prices and the gas prices at Kensington and Clarington. The chart below shows how price spreads increase over future years calculated based on the forecasted prices shown in Table 1 on page 9 of Mr. Sosnick's direct testimony.



As the price spreads increase so do the cost savings projected by the forecast model. Why these spreads would increase over time is unexplained, unknown, and unlikely. In response to discovery, Mr. Sosnick could not provide a logical explanation other than to mention unidentified pipeline expansions or constraints and points to the benefits calculation in the forecast model, which do not provide the answer.[30]

Even more concerning is the fact that FTI used the GCPM model to perform a gas market and price simulation for only the first 10 years of its analysis and extrapolated the results of the remaining 10 years of the study period when

[30] Exhibit AG-14 includes DR U20528-AGDG-2.54a and b.

most of cost savings are projected to occur. The extrapolations simply assumes that the average annual rate of increase in gas prices during the first 10 years will continue into future years unabated.[31] This is not a legitimate market price simulation analysis but simply a mathematical equation. The FTI study is seriously flawed, unreliable, and grossly misleading. The Commission should not rely on it.

In the chart above, the model has forecasted that spreads between MichCon citygate prices and Clarington prices will exceed the cost of transportation on NEXUS and TEAL of $0.845/Dth beginning in 2034. This is contrary to current experience where the opposite is occurring. No explanation has been given in testimony or Exhibit A-30 (U-20544) why this price/cost differential would change in future years. The MichCon/Kensington price spread does not exceed the NEXUS transportation rate of $0.645/Dth until 2038. The other major component of projected cost savings is derived from the projected lower MichCon citygate price and lower prices from other pipeline suppliers with NEXUS in place, which I will address below.

In discovery the Company was asked to provide a copy of the GCPM model in order to permit a validation of the inner working of the model. In response, the Company stated that there is no publicly available copy of the model. Therefore, the inner workings of the model remain a black box mystery and

[31] U-20544, Exhibit A-30, page 5.

we are left to review certain inputs and outputs without having a full understanding of how the inputs to the model are used to generate the forecasted gas prices at various locations.

Additionally, from reviewing the FTI report included in Exhibit A-30 (U-20544), it does not appear that FTI performed any look-back analysis or confidence level analysis to determine the accuracy of the gas price projections made in the GCPM model. For a widely used model that supposedly is the industry standard, this lack of accuracy analysis is unusual. Unless one performs appropriate validation analysis through statistical confidence levels and look-back analysis, it is not possible to determine the degree of accuracy of the projections.

In summary, the projected cost savings are based on forecasted prices that cannot be validated. The Commission should not rely on such tenuous projections of future cost savings.

2. The natural gas market in North America is extremely complex with hundreds of pipelines, producers, gas marketers, gas buyers, storage facilities, and other factors that cannot be boiled down to simple gas supply and demand curves as FTI has done in its model. For example, for FTI to simply remove the NEXUS pipeline from the model and conclude that gas prices in Michigan would increase is not realistic. The market demand would be quickly filled by other suppliers, most likely with minimal price disruption.

Currently, there are other pipelines, such as ANR, PEPL, Trunkline, and Rover that bring Appalachian basin natural gas into Michigan. These and other pipelines also bring natural gas from other basins in North America with no known shortages of gas supply. Between DTE Gas and DTE Electric (DTEE), NEXUS is delivering less than 150,000 Dth/day of gas supply to Michigan for use in the state. Based on 2020 actual data, NEXUS gas deliveries for DTE Gas and DTEE represent less than 3% of the total natural gas demand in Michigan.[32] The pipelines listed above have sufficient available capacity to readily replace any gas not delivered by NEXUS without the price increase forecasted by FTI.

3. In calculating the projected cost savings, FTI assumed that the entire NEXUS contract will be extended from the current expiration date in 2033 to 2038. This extension inflated net cost savings by $95 million without any sound basis to do so and perhaps to simply inflate projected cost savings.[33] Similarly, the TEAL contract representing half of the NEXUS gas purchases was extended into 2038 instead of ending in October 2022, based on the rationale that the Company normally renews its transportation contracts. Since the FTI report was prepared, DTE Gas and NEXUS have agreed to an extension of only two

[32] DTEE gas purchases delivered by NEXUS in 2020 = 5,755,470 Dth, per Case U-20528 Exhibit AG-6 Confidential. DTE Gas purchases of 19,643,854 Dth in 2020/2021 GCR year. Total of 27,360,168 Dth divided by 1.040 Btu factor results in 26.3 Bcf of gas supply delivered by NEXUS to the two utilities. This volume divided by 965 Bcf of gas demand in Michigan in 2020 (per FTI workpaper in DR attachment DMM-1.1 Exh. A-42 Public Workpapers FTI Study-Confidential) = 2.7%.

[33] Kenneth Sosnick direct testimony in Case No. U-20544 at page 15, Table 4 sum of Net Savings for years 2034 to 2038.

years to October 2024. This limited extension shows how tenuous the projections are of extending the TEAL pricing benefits an additional 14 years to 2038.

Without the extension of the NEXUS contract past 2033 and the TEAL contract past 2024, the projected cost savings decline by $106 million.[34] These two changes in assumptions alone reduce the FTI projected DTE Gas net savings from $199 million to $93 million. The other items listed below would further erode the projected savings to render the FTI projections meaningless.

4. The FTI model assumes that sufficient gas supply will exist at Kensington to make this gas purchase location sufficiently liquid for the Company to realize cost savings versus prices at the MichCon citygate, inclusive of the cost of NEXUS transportation. To date, this cost advantage at Kensington versus the MichCon city gate, inclusive of the NEXUS transportation cost, has not occurred. No information has been presented by the Company or FTI showing that significantly more gas will be available at Kensington in the near future to result in the projected gas cost advantage.

The model has also projected that gas prices at Clarington will be sufficiently lower than gas prices at the MichCon citygate to more than offset the cost of NEXUS transportation. This price advantage did not exist in the 2020-2021

[34] $95 million from Table 4 on page 15 of Mr. Sosnick's testimony in Case No. U-20544, by stopping Net Savings at 2033 plus $11 million of TEAL net savings by stopping the contract benefits at October 2024 per current contract.

GCR period and may not exist in the future.[35] This assumption is highly suspect and unlikely to generate the assumed cost savings.

5. FTI has projected that the MichCon citygate price will be lower in the future with NEXUS built than without NEXUS. In Figure 11 on page 16 of Exhibit A-30 (U-20544), FTI shows that the MichCon price spread with NEXUS would be lower by \$0.05 to \$0.10/Dth annually from 2022 to 2038. In Table 3 on page 13 of his testimony, Mr. Sosnick shows that the average price spread advantage is forecasted at \$0.08 over the 17-year period. By using this price spread, FTI calculates the benefit of \$1 billion to Michigan consumers from NEXUS being built.

There are three basic problems with those forecasted savings. First, even if one accepts the validity of the projected lower MichCon citygate price, the \$0.08 price spread is small and it would not take much of a change in the gas market for that spread to evaporate. Second, as stated earlier, the assumption that if NEXUS was not delivering gas supply to Michigan other gas supply delivered to Michigan would increase in price by \$0.05 to \$0.10 per Dth over the next 17 years is farfetched, given the multiple supply sources available to Michigan consumers. Third, the lower MichCon citygate price is premised on the forecast that NEXUS is delivering gas supply to Michigan at a cost lower that other gas suppliers and would be putting pressure on the other

[35] Case No. U-20544, Exhibit AG-1.

suppliers to lower their gas prices. This premise is baseless and faulty as I have demonstrated in this case and the prior three GCR reconciliation cases.

My testimony in the last four GCR reconciliation cases has consistently shown that the cost per Dth of natural gas supply delivered to Michigan by NEXUS exceeds the cost of other gas supply by a large margin. Therefore, no matter how often the Company and its witnesses repeat the mantra that NEXUS is delivering lower gas supply to Michigan, it is not happening. The projections by FTI that this situation will change in the future are unfounded and unrealistic. No evidence has been presented that anything significant will change in the gas marketplace in future years to improve the current unfavorable economics of NEXUS gas supply delivered to Michigan.

It is also noteworthy to point out that without the projected benefit of the lower forecasted MichCon citygate price, the net cost savings shown in Table 4 on page 15 of Mr. Sosnick's direct testimony disappear and turn into an incremental net cost similar to the historical experience shown in Exhibit AG-1.

The Commission should not rely on such unrealistic cost saving projections and testimony claiming that NEXUS will lower the MichCon citygate price and create cost savings for DTE Gas customers and non-DTE customers of $1.0 billion or more, as claimed on page 16 of Mr. Sosnick direct testimony.

6. The calculation of net cost savings attributable to DTE Gas customers is inflated relative to the NEXUS contract costs. After reviewing the cost savings calculations, it is apparent that FTI has included cost savings attributable to other gas volumes in addition to GCR gas purchases and GCC volumes. For example, for 2022 the FTI calculated cost savings reflect gas volumes of 254 Bcf. However, combined GCR gas purchases and GCC sales for the year are forecasted at approximately 152 Bcf.[36] Therefore, for GCR and GCC customers, who are paying the NEXUS capacity costs, the cost savings would likely be about 60% of the amount of $554.5 million shown in Table 4, or approximately $333 million over the 17-year projected period. In comparison, GCR and GCC customers will pay $355.1 million of fixed NEXUS capacity reservation costs for a net incremental cost of nearly $22 million over the purported gas purchase savings of $277 million. Therefore, GCR and GCC customers would not see a net cost savings, but instead a net cost increase.

The only explanation that the Company can provide for the inflated gas volumes is that they were sourced within the GPCM model. This is clear evidence that the model includes data that has not been validated to be pertinent to DTE Gas and has resulted in erroneous cost savings projections and conclusions.

[36] MPSC Case No. U-20816, Exhibit A-1 and A-10.

7. Similarly, the calculations of cost savings for DTEE in the FTI model use forecasted gas volumes to be burned by the Company that exceed the volumes projected by DTEE in recent PSCR plan filings. For example, for 2022 the FTI model assumes 71,599,423 Dth will be burned by DTEE. However, the Company's 2021 PSCR plan shows that the Company has forecasted 44,549,000 Dth for 2022. Similarly, for 2023, FTI has forecasted 79,945,340 Dth versus the DTEE PSCR forecast of 68,218,000 Dth, and for 2024, FTI shows a usage forecast of 85,349,712 Dth versus the Company's forecast of 72,151,000 Dth.[37] These are not minor variances, and the higher forecasted gas usage volumes in the FTI model inflate the projected cost savings. Subsequent years may have the same problem. It is perplexing that DTE management would not verify such major differences and ensure that the inputs or calculations in the FTI model are accurate.

8. The FTI report also presents a high gas demand case and related cost savings. According to the description on page 26 of Exhibit A-30 (U-20544), FTI decided to increase the base case gas usage volumes by 8% based on selecting the highest five coldest years by heating degree days in the past 15 years. The higher gas usage increases the projected cost savings. This high-demand presentation by FTI presents a one-sided result meant to show potentially higher cost savings. It does not present a balanced view of the potential range

[37] PSCR volumes from Exhibit A-14, Case No. U-20826. FTI Model volumes from model worksheet provided in response to DMM-1.1 Exh A-42 Confidential Workpapers.

of net cost savings by also presenting a low-demand scenario, which likely would have shown a lack of net savings over the next 20 years.

A low gas demand case is probably more likely than a high-demand case, given the trend by electric utilities moving to renewable generation and burning less fossil fuel, such as natural gas. The Commission should be skeptical about such one-sided presentations of potential net cost savings.

9. On page 24 of his direct testimony (U-20544), Mr. Sosnick extols the additional benefits of NEXUS bringing to Michigan another diverse source of gas supply that increases gas supply reliability. Although additional sources of gas supply are usually welcomed, the key tenet should be that the new source of supply is competitively priced. As shown in Exhibit AG-1 and discussed in other sections of my testimony, NEXUS gas supply is not competitive with other sources of gas supply. Therefore, NEXUS does not add much value as an additional source of gas supply.

Furthermore, in comparing NEXUS to the SEMCO Gas Marquette Connector Pipeline (MCP), Mr. Sosnick has made a faulty comparison. The MCP solved the problem of SEMCO Gas being reliant on only one source of gas supply from Northern Natural Gas Pipeline in Michigan's Upper Peninsula. The same is not true with regard to DTE Gas. The Company can get gas supply from at least five other gas pipelines and multiple gas storage fields and other interconnections without using the NEXUS pipeline.

By making such an inapplicable comparison, Mr. Sosnick has further damaged the credibility of the FTI report. I testified in the MCP construction case on behalf of the Attorney General and I am fully aware of the reasons for the construction of that pipeline. I have also been involved in the review of SEMCO's and DTE Gas' GCR plan cases for the past 13 years on behalf of the AG, plus having worked at both companies, and I am intricately familiar with their pipeline systems and any additional redundant pipelines they may or may not need. In contrast, Mr. Sosnick has never testified in any gas pipeline or infrastructure case in Michigan before the MPSC and has not been intricately involved with the NEXUS pipeline project or the MCP before getting the assignment to prepare the FTI report.

10. In response to discovery, Mr. Sosnick disclosed that the FTI study and report prepared for DTE is only the second time that FTI has used the GPCM forecasting model to forecast the financial impact of future capital investments and the first time for a pipeline project such as NEXUS. Mr. Sosnick and his team at FTI apparently received some training from RBAC, the company who licenses the GPCM model, and may have relied on RBAC's assistance to make certain adjustments to the model and the data used within the model. In other words, FTI has limited experience with the model. This lack of experience by

FTI with the GPCM raises additional concerns about the accuracy and validity of the projected cost savings.[38]

In summary, the FTI report has several faults and shortcomings that render the projected cost savings totally unreliable. I recommend that the Commission not rely on it in any manner or to any extent.

Q. ARE THERE OTHER INDEPENDENT ANALYSES THAT SUPPORT YOUR ASSESSMENT OF THE FTI REPORT?

A. Yes. In the Proposal for Decision issued by Administrative Law Judge (ALJ) Sharon Feldman on July 18, 2022 in Case No. U-20528, the ALJ performed her own analysis of the FTI report and reached the conclusion that "The FTI analysis does not support the conclusion that the NEXUS agreements are beneficial to customers over the long term."[39] Among the flaws identified in the PFD, of particular concern to the ALJ was FTI's extrapolation of gas prices and price spreads for the last 10 years of the study when nearly all the cost savings would occur. In the PFD, the ALJ also references and discusses the testimony of Mr. James Wilson filed on behalf of the Michigan Environmental Council. Mr. Wilson's testimony further supports my testimony on the FTI report.

Q. WHAT IS YOUR CONCLUSION AND RECOMMENDATION?

A. The NEXUS delivered gas supply increased gas costs for GCR customers by $26,610,255 for the 2021-2022 GCR year over the cost of comparable gas supply delivered to Michigan

[38] Exhibit AG-8 in Case No. U-20544 includes DTEE DR U-20528 MECDE-10.4a and b, MECDE-9.1, and MECDE-9.2a.
[39] MPSC Case No. U-20528, Proposal for Decision dated July 18, 2022, pages 60-70.

through other pipeline capacity replaced by NEXUS. The cumulative incremental cost of NEXUS gas supply from November 2018 through March 2022 has burdened GCR customers for a total amount in excess of $48.3 million. This excess cost will continue to increase going forward unless the Commission takes decisive steps to disallow the incremental costs that the Company seeks to recover in this reconciliation case.

After four GCR reconciliation cases, it has become obvious that the purported benefits presented by the Company to justify the NEXUS capacity contract, and relied on by the Commission in approving the NEXUS contract, will not likely materialize.

The information provided by the Company to justify the NEXUS capacity contract has proven to have been highly misleading. The misleading information on which the Commission has relied on in its prior decisions on the NEXUS capacity contract include:

1. The projection that the NEXUS terminus at Kensington had sufficient gas supply at attractive prices to justify favorable economics on delivered gas supply to Michigan through NEXUS. As discuss above in my testimony this has proven false.
2. A landed cost analysis performed in July 2014 that used maximum transportation capacity rates of several alternative pipelines, which were not reflective of actual costs, and not reflective of any requested or received competitive bids. In Exhibit AG-1 in this reconciliation case and the prior three GCR reconciliation cases, I have demonstrated the flaws of the July 2014 LCA when the Michigan delivered NEXUS gas supply is compared to those alternative gas suppliers.
3. The ICF and FTI reports projected beneficial price spread between Kensington/Clarington and the MichCon citygate that are grossly inflated.

Those projections have been proven false and misleading. The price spread between those locations was projected to more than cover the cost of the NEXUS capacity but after four years this has not occurred and is not likely to occur in the future.

4. The Company has not presented any evidence that the gas marketplace is likely to change in the future to result in a price spread between Kensington/Clarington and the MichCon citygate to reverse the negative results of the NEXUS capacity cost exceeding the historical price spread during the past four years. The Company witnesses continue to mislead the Commission that somehow in the future the price spread will miraculously improve.

5. Aside from adding another gas receipt point at Clarington to access additional gas supply at more attractive prices, the Company has not taken any concrete steps to lower the cost of the NEXUS capacity contract. The Company continues to ignore and mislead the Commission that it is powerless to extract any meaningful reductions in the NEXUS transportation rate from Kensington to Michigan. The lack of ample gas supply at Kensington, which is gas receipt point that NEXUS selected, should provide DTE Gas sufficient leverage to negotiate a meaning rate reduction either with or without litigation.

This summary and my testimony clearly show that the Commission has been misled in believing that the NEXUS capacity contract and the related gas supply delivered to Michigan would be beneficial to customers. The evidence is clear that the Company made an imprudent decision in entering into the NEXUS transportation capacity agreement in order to support a pipeline project partially sponsored by an affiliated company. Customers should not be burdened by the incremental cost resulting from the imprudent decision. Therefore, I recommend that the Commission disallow recovery of the excess gas supply costs of $26,610,255 calculated in this GCR reconciliation in Exhibit AG-2.

Q. IN EXHIBIT AG-2, YOU HAVE CALCULATED AN ALTERNATIVE NEXUS COMPARISON. WHAT IS THE PURPOSE OF THAT CALCULATION?

A. The Alternative NEXUS Comparison on lines 19 through 28 of Exhibit AG-2 shows the calculation of an alternative cost disallowance if the Commission decides that a more appropriate comparison of NEXUS gas supply costs is to the total cost of all other gas supply purchased by the Company for the 2021-2022 GCR period. As shown on line 28 of Exhibit AG-2, the alternative total cost that the Commission could disallow is $25,104,243.

Gas Purchase Transactions

Q. IN YOUR REVIEW OF GAS PURCHASE TRANSACTIONS ENTERED INTO BETWEEN THE COMPANY AND GAS SUPPLIERS, DID YOU DISCOVER TRANSACTIONS THAT IMPROPERLY INCREASED THE COST OF GAS SUPPLY FOR THE 2021-2022 GCR YEAR?

A. Yes. In my review of several gas purchase transactions, I identified two transactions that unnecessarily increased the GCR cost of gas during the 2021-2022 period. The first transaction occurred on December 21, 2021 under Deal #9272588. In this transaction, the Company agreed to purchase 10,000 Dth per day from Supplier NA during the month of January 2022 at the NYMEX closing price for the month plus a basis premium of $0.30 with the purchase occurring at the Kensington gas receipt location. The Transaction Sheet shows that the Company supposedly did not receive any other bids for gas supply on this day at this location for January 2022.

However, this is not true. The Transaction Sheet for Deal #9272577 shows that on the same day, at the same location, and for the same month, the Company agreed to purchase 17,800 Dth/day of gas supply from Supplier BB at the NYMEX close price for the month less a basis discount of $0.145. The Transaction Sheet shows that the Company rejected an alternative gas supply bid from Supplier NA at the NYMEX price plus $0.30. Exhibit AG-14 includes the two Gas Supply Transaction Sheets.

It is not clear why the Company would accept a higher gas price bid in Deal # 9272588 after rejecting it for a lower price bid in Deal #9272577. The difference in the basis price between the two bids is $0.445 per Dth. For the month of January 2022 under Deal #9272588 the Company purchased 310,000 Dth at the higher basis price of $0.445. The excess cost of this gas purchase transaction is $137,950 (310,000 x $0.445). This was an imprudent gas purchase decision that increased costs for GCR customers. I recommend that the Commission remove the $137,950 from the GCR gas supply costs that the Company seeks to recover in this reconciliation case.

Q. PLEASE DESCRIBE THE SECOND GAS PURCHASE TRANSACTION.

A. The second transaction is similar to the first transaction described above. On January 24, 2022 under Deal #9325554, the Company agreed to purchase 15,000 Dth per day from DTE Energy Trading Company (DTEET) during the month of February 2022 at the NYMEX closing price for the month plus a basis premium of $0.08 with the purchase occurring at the Kensington gas receipt location. The Transaction Sheet shows that the Company supposedly did not receive any other bids for gas supply on this day at this location for February 2022.

However, this is also not true. The Transaction Sheet for Deal #9325747 shows that on the same day, at the same location, and for the same month, the Company agreed to purchase 20,000 Dth/day of gas supply from Supplier BB at the NYMEX close price for the month less a basis discount of $0.12. The Transaction Sheet shows that the Company rejected an alternative gas supply bid from DTEET at the NYMEX price plus $0.08. Exhibit AG-15 includes the two Gas Supply Transaction Sheets.

It is perplexing that the Company would accept a higher gas price bid in Deal #9325554 after rejecting it for a lower price bid in Deal #9325747. The difference in the basis price between the two bids is $0.20 per Dth. For the month of February 2022 under Deal #9325554 the Company purchased 420,000 Dth at the higher basis price of $0.20. The excess cost for this gas purchase transaction is $84,000 (420,000 x $0.20).

Q. IS THERE OTHER EVIDENCE THAT THE COMPANY SHOULD HAVE REJECTED THE GAS PURCHASE TRANSACTION UNDER DEAL #9325554?

A. Yes. In response to a discovery question, the Company stated that when faced with only a single bid for gas supply, it performs a landed cost analysis for gas delivery at the MichCon citygate to ensure the bid price is competitive. With this deal, the landed cost analysis shows that the accepted bid at a basis price of $0.08 was $0.205 above the lower price at the MichCon citygate price. In other words, if the Company had rejected the bid in Deal #9325554, it could have purchased an equivalent volume of gas supply at the MichCon citygate at $0.205 lower per Dth. This lower price is nearly equal to the $0.20 cost per Dth I calculated above as the excess cost paid by the Company for entering into Deal #9325554.

Q. WHAT IS YOUR CONCLUSION AND RECOMMENDATION?

A. The gas purchase in Deal #9325554 was another imprudent gas purchase decision that increased costs for GCR customers. I recommend that the Commission disallow recovery of the excess cost of $84,000.

In total for the two transactions, I recommend that the Commission remove $221,950 from the GCR gas supply costs that the Company seeks to recover in this reconciliation case.

Adjustments for Unauthorized Gas Usage

Q. PLEASE BRIEFLY DESCRIBE THE ADJUSTMENTS THAT THE COMPANY SEEKS TO MAKE IN THIS GCR RECONCILIATION CASE FOR UNAUTHORIZED GAS USAGE PENALTIES RECORDED IN A PRIOR YEAR.

A. Through the direct testimony of witness Bradley Leiter, the Company seeks to reverse and recover $656,602 of penalties previously billed to transportation customers for unauthorized gas usage in a prior year. During the 2021-2022 GCR year, the Company decided to accommodate those customers who had been billed penalty amounts by reducing the penalty assessment. The $656,602 consists of two distinct occurrences. The first occurrence pertains to the unauthorized gas usage by six transportation customers during February 2021. The amount that the Company seeks to reverse and recover in this reconciliation case is $511,931. The second occurrence is for a single transportation customer who had unauthorized usage in December 2020 and January 2021. The Company reversed the unauthorized usage billed to that customer in the amount of $144,671 and seeks to recover that amount also in this reconciliation case.

In both occurrences the customers ran afoul of the Company's transportation tariff in Section E-14, which states in part:

> "Unauthorized Gas Usage" occurs when Customer uses Company's system supply while taking service under a Transportation Service Rate Schedule under one of the following conditions:
>
> ***A. If at the end of any month the quantity of gas remaining in Customer's Load Balancing Storage is below zero based on the Company's Monthly meter reads used for billing, then the Company's system supply delivered to balance customers storage shall be treated as Unauthorized Gas Usage and charged the Unauthorized Gas Usage Charge.***
>
> ***B. If, as set forth in E14 - Load Balancing Storage and Charges, sub-section B, during the months of December through March, the volume of gas received by Company, less Gas-in-Kind, plus the lesser of 3% of Customer's ACQ or Customer's actual storage balance, is less than the volume of gas taken by Customer at the Delivery Point(s), then the difference shall be treated as Unauthorized Gas Usage and charged the Unauthorized Gas Usage Charge.***
>
> ***C. If on any Gas Day the quantity of gas in customer's Load Balancing Storage is less than zero, then the quantity or imbalance of gas that is less than zero may be treated as unauthorized gas usage and may be charged an Unauthorized Gas Usage Charge.***
>
> Unauthorized Gas Usage Charge:
>
> If Customer uses Company's system supply, then Customer shall pay ***Unauthorized Gas Use Charges. The charge for such Unauthorized Gas Usage shall be $1.00 per 100 cubic feet plus the highest price reported in Gas Daily in the midpoint column of the Daily Price Survey for the following locations for the month in which the Unauthorized Gas Use occurred: Dawn, Ontario; ANR, ML7; Chicago citygates; Consumers city-gate; or MichCon city-gate. Unauthorized Gas Use Charges are in addition to those normal charges made under the applicable Rate Schedules, for all gas taken by Customer in excess of the cumulative volume delivered to Company (less Gas-in-Kind) on behalf of Customer.***

According to the Company, transportation customers are informed about this section of the tariff when they sign a contract for transportation service.

Q. PLEASE BRIEFLY DESCRIBE THE CIRCUMSTANCES THAT LED TO THE COMPANY DECISION TO REDUCE THE PENALTY AMOUNT FOR THE SIX CUSTOMERS WHO HAD UNAUTHORIZED GAS USAGE IN FEBRUARY 2021.

A. According to Mr. Leiter's testimony, the spike in gas prices in the Midwest region and particularly at the Chicago citygates resulted in significantly higher penalty amounts than usual ranging from approximately $46,000 to $225,000.[40] After billing those amounts and receiving significant pushback from customers, the Company decided to recalculate those penalties using the MichCon citygate price, as shown in Exhibit A-27.

The result of this recalculation is a difference of $511,391, which the Company now seeks to recover in this reconciliation case.

Q. PLEASE BRIEFLY DESCRIBE THE CIRCUMSTANCES THAT LED TO THE COMPANY DECISION TO REDUCE THE PENALTY AMOUNT FOR THE TRANSPORTATION CUSTOMER WHO HAD UNAUTHORIZED GAS USAGE BEGINNING IN DECEMBER 2020.

A. Beginning on page 11 of his direct testimony, Mr. Leiter explain that the customer signed a contract for transportation service in December 2020 and apparently did not make the necessary arrangements to have gas delivered to DTE Gas from an alternative supplier. In response to a discovery request, the Company reported that the unauthorized usage

[40] Bradley Leiter direct testimony at page 6, Table 2.

occurred in both December 2020 and January 2021 for a total volume of 144,671 CCF. The Company only billed the customer for the penalty rate of $1.00 per CCF or $114,671.[41]

After pushback from the customer, the Company decided the waive this penalty amount and now seeks to recover it in this reconciliation case.

Q. WHAT IS YOUR ASSESSMENT OF THE TWO OCCURRENCES AND THE COMPANY'S DECISION TO WAIVE A PORTION OF THE ASSESSED PENALTIES AND SEEK RECOVERY OF THE WAIVED PENALTIES IN THIS RECONCILIATION CASE?

A. The decision to waive a portion of the penalty amounts previously billed to the transportation customers is a customer goodwill accommodation by the Company. In both occurrences, the Company appears to have calculated the correct amount of penalty based on the established tariff, which it has communicated and made the customer aware of. Therefore, the assessed penalties are legitimate and should be collected from those customers.

In reviewing additional information provided by the Company in response to discovery, it is evident that the affected transportation customers were not adequately tracking their gas usage during the month, did not nominate sufficient gas supply through their alternative gas supplier for delivery to DTE Gas, and did not monitored their compliance to the 3% maximum storage withdrawal allotment. For four of the six customers, their unauthorized

[41] Exhibit AG-16 includes DR AGDG-1.43b

usage exceeded their allowed storage withdrawal quantity between 40% to 60%, and the other two customers between 4% to 18%.[42] These are significant usage overruns that imply a lack of due diligence in complying with the gas transportation rules.

Additionally, the gas nominations for the month of February often did not reflect the increasing colder weather forecasted during certain periods of the month. More egregiously, Customer #1 with [redacted] as its alternative gas supplier did not nominate and did not deliver any gas supply at all to DTE Gas during the month of February. This customer had the highest penalty assessed at approximately $225,000. It is noteworthy to point out that the affected customers are served by significantly large, experienced, and sophisticated alternative gas suppliers who should be knowledgeable to guide their customers to make appropriate gas supply nominations during the month. According to DTE Gas, transportation customers or their alternative suppliers can change their gas nominations during each day of the month. Exhibit AG-18 shows this policy statement, the alternative gas suppliers involved, and the daily gas nominations and deliveries for February by each of the six customers who incurred unauthorized gas usage penalties for February 2021.

Q. DOES THE COMPANY BEAR SOME RESPONSIBILITY TO ENSURE TRANSPORTATION CUSTOMERS DO NOT INCUR UNAUTHORIZED GAS USAGE?

[42] Exhibit AG-17 included DR AGDG-1.42a with attachment.

A. Yes. In response to several discovery questions, the Company stated that it holds the transportation customer responsible to follow the rules in the tariff book and keep their gas storage account in balance. The Company also stated that the standard recommendation provided verbally (orally) to a new transportation customer is to take weekly meter reads, share the meter reads with the gas supplier, and for the supplier to modify the gas nominations and gas delivery to DTE Gas accordingly.[43]

These oral instructions for the smaller transportation customers do not seem adequate. Written procedures with some follow up during the first couple of months after starting transportation service would be much more effective in guiding the customer through the new process and ensure they do not run afoul of the unauthorized gas usage rules.

Q. WHAT IS YOUR CONCLUSION AND RECOMMENDATION.

A. Both the customers and the Company bear proportional responsibility for the unauthorized gas usage that occurred in December 2020 and January 2021 and also in February 2021. The penalties originally assessed were properly calculated following the rules established for transportation customers in the Company's tariff book. The Company's decision to waive a portion of those penalties was made as a customer goodwill gesture to maintain good customer relationships. Other companies, outside the utility industry, often waive certain fees or costs for customers to maintain customer goodwill and they absorb those costs. The circumstances with the unauthorized gas usage penalties that have been waived for the transportation customers in this case are no different and the Company should

[43] Exhibit AG-19 includes DR AGDG-1.41a and 4.83a.

absorb those costs in the spirit of customer goodwill. For the Commission to allow recovery of the waived penalties would set a bad precedent and would create a moral hazard that penalties for violation of rules can be dismissed and charged to other customers.

Therefore, I recommend that the Commission reject the Company's request to recover the penalty adjustments and remove the $656,602 from this reconciliation case.

GCR Reconciliation Balance

Q. PLEASE EXPLAIN THE GCR RECONCILIATION BALANCES AT THE END OF THE 2021-2022 AND THE ADJUSTMENTS YOU HAVE PROPOSED IN YOUR TESTIMONY.

A. In Exhibit A-18, the Company reported an under-recovery balance of $49,896,324, after interest, for GCR customers at the end of the 2021-2022 GCR year. Additionally, Exhibit A-19 shows a net over-recovery balance of $1,773,987, including interest, for the GCC reservation charge.

Based on the testimony presented above, the AG recommends that the Commission remove a total amount of $27,488,807 for cost disallowances from the 2021-2022 GCR reconciliation. The $27,488,807 would reduce the Company's calculated under-recovery balance. Additionally, in calculating interest expense, these cost disallowances should be spread evenly throughout the 2021-2022 GCR year.

Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?

A. Yes, it does. However, I reserve the right to amend, revise and supplement my testimony to incorporate new information that may become available.

MICHIGAN PUBLIC SERVICE COMMISSION **Exhibit AG-1**
DTE GAS COMPANY **Case No. U-20817**
March 31, 2023
NEXUS Gas Supply Cost Comparison to Other Gas Supply Sources - Detail

Line #	(a) Gas Supply Costs		(b) Gas Purchases 2021-2022 Total		(c) Rate/Dth
1	**NEXUS Clarington - volume (Dth)** [1]		13,875,916		
2	Gas Commodity Cost [1]	$	30,997,472	$	2.23
3	Pipeline Transportation Charges [2]		11,575,463		
4	Total	$	42,572,935		
5	**Total Cost per Dth**	**$**	**3.07**	**$**	**3.07**
6					
7	**NEXUS Kensington - volume (Dth)** [1]		10,289,790		
8	Gas Commodity Cost [1]	$	42,294,224	$	4.11
9	Pipeline Transportation Charges [2]		9,381,389		
10	Total	$	51,675,613		
11	**Total Cost per Dth**	**$**	**5.02**	**$**	**5.02**
12					
13	**NEXUS Total - volume (Dth)**		24,165,706		
14	Gas Commodity Cost	$	73,291,696	$	3.03
15	Pipeline Capacity Reservation Cost [1, 2]		20,956,852		
16	Total	$	94,248,548		
17	**Total Cost per Dth**	**$**	**3.90**	**$**	**3.90**
18					
19	**Comparison 1: NEXUS Displaced Capacity**				
20	**ANR Southwest - volume (Dth)**		28,971,206		
21	Gas Commodity Cost [3]	$	67,146,628	$	2.32
22	Pipeline Transportation Charges [1]		11,227,535		
23	Total	$	78,374,163		
24	**Total Cost per Dth**	**$**	**2.71**	**$**	**2.71**
25					
26	**Panhandle Eastern Pipeline - volume (Dth)**		24,107,855		
27	Gas Commodity Cost [3]	$	52,016,989	$	2.16
28	Pipeline Transportation Charges [1]		16,402,397		
29	Total	$	68,419,386		
30	**Total Cost per Dth**	**$**	**2.84**	**$**	**2.84**
31					
32	**Vector-Alliance - volume (Dth)**		601,400		
33	Gas Commodity Cost [3]		2,713,771	$	4.51
34	Pipeline Transportation Charges [1]		740,917		
35	Total	$	3,454,688		
36	**Total Cost per Dth**	**$**	**5.74**	**$**	**5.74**
37					
38	**Total Cost - ANR-SW, PEPL & Vector**	**$**	**150,248,237**		
39	**Cost per Dth - ANR-SW, PEPL & Vector**		**2.80**	**$**	**2.80**

MICHIGAN PUBLIC SERVICE COMMISSION
DTE GAS COMPANY

Exhibit AG-1
Case No. U-20817
March 31, 2023

NEXUS Gas Supply Cost Comparison to Other Gas Supply Sources - Detail

Line #	(a) Gas Supply Costs	(b) Gas Purchases 2021-2022 Total	(c) Rate/Dth
40	**Comparison 2: Against All Other Gas Supply Sources**		
41	**Chicago Alpena/ANR - volume (Dth)**	3,576,500	
42	Gas Commodity Cost [3]	$ 19,114,517	$ 5.34
43	Pipeline Transportation Charges [1]	$ 3,043,073	
44	Total	$ 22,157,590	
45	**Cost per Dth**	**$ 6.20**	**$ 6.20**
46			
47	**ANR ML3**	9,135,668	
48	Gas Commodity Cost [3]	$ 37,227,140	$ 4.07
49	Pipeline Transportation Charges [1]	$ 2,204,854	
50	Total	$ 39,431,994	
51	**Cost per Dth**	**$ 4.32**	**$ 4.32**
52			
53	**Great Lakes Gas Transmission (Emerson) - volume (Dth)**	10,813,331	
54	Gas Commodity Cost [3]	$ 26,256,856	$ 2.43
55	Pipeline Transportation Charges [1]	2,658,999	
56	Total	$ 28,915,855	
57	**Cost per Dth**	**$ 2.67**	**$ 2.67**
58			
59	**Viking Pipeline (Emerson) - volume (Dth)** [4]	7,024,670	
60	Gas Commodity Cost [3]	$ 17,819,361	$ 2.54
61	Pipeline Transportation Charges [1]	2,768,933	
62	Total	$ 20,588,294	
63	**Cost per Dth**	**$ 2.93**	**$ 2.93**
64			
65	**MichCon Citygate - volume (Dth)**	29,661,110	
66	Gas Commodity Cost [3]	$ 95,643,467	$ 3.22
67	Pipeline Transportation Charges [1]	-	
68	Total	$ 95,643,467	
69	**Cost per Dth**	**$ 3.22**	**$ 3.22**
70			
71	**Total Cost - All Sources, excl. NEXUS**	**$ 299,734,082**	
72	**Cost per Dth - All Sources, excl. NEXUS**	**$ 2.86**	**$ 2.86**

Source
(1) Exhibit A-3 total page and Exhibit AG-3 from Exh bit A-7 Revised for each purchase location.
(2) Exhibit A-5 Revised. Capacity Reservation Cost for Kensington = 37,500 Dth/d x 365 x $0.695. Kensington net of capacity releases. Clarington Capacity Reservation cost = Total Exhibit A-5, less Kensington.
(3) Exhibit A-3.
(4) Include ANR Marshfield to Menominee.

MICHIGAN PUBLIC SERVICE COMMISSION
DTE GAS COMPANY

Exhibit AG-2
Case No. U-20817
March 31, 2023

NEXUS Gas Supply Cost Comparison to Other Gas Supply Purchases Delivered to Michigan

Line #	(a)	(b) Total
1	**NEXUS Cost Comparison**	
2		
3	NEXUS Clarington - volume (Dth)	13,875,916
4	Total Cost per Dth	$ 3.07
5		
6	NEXUS Kensington - volume (Dth)	10,289,790
7	Cost per Dth	$ 5.02
8		
9	**NEXUS Total - volume (Dth)**	24,165,706
10	**Cost per Dth**	**$ 3.90**
11		
12	**Cost per Dth - ANR-SW, PEPL & Vector**	$ 2.80
13		
14	**Cost Difference per Dth**	**$ 1.10**
15		
16	**NEXUS Incremental Cost - Disallowance (L. 9 x L. 14)**	**$ 26,610,255**
17		
18		
19	**Alternative NEXUS Comparison:**	
20		
21	**NEXUS Total - volume (Dth)**	24,165,706
22	**Cost per Dth**	**$ 3.90**
23		
24	**Cost per Dth - All Sources, excl. NEXUS**	**$ 2.86**
25		
26	**Cost Difference per Dth**	**$ 1.04**
27		
28	**NEXUS Incremental Cost - Disallowance (l. 21 x L. 26)**	**$ 25,104,243**

Source: Exhibit AG-1.

MICHIGAN PUBLIC SERVICE COMMISSION
DTE GAS COMPANY

Exhibit AG-3
Case No. U-20817
March 31, 2023

DTEET Gas Purchases

Line	Affiliate	Deal Number	Receipt Location	Delivery Start	Delivery End	Volume (Dth)		Price $/Dth		Cost ($)	Price Method
	(col. a)			(col. b)	(col. c)	(col. d)		(col. e)		(col. f)	(col. g)
1	DTE Energy Trading	8320207	MichCon Citygate	04/01/21	04/30/21	300,000	$	2.290	$	687,000	Fixed Price
2	DTE Energy Trading	8320207	MichCon Citygate	05/01/21	05/31/21	310,000	$	2.290	$	709,900	Fixed Price
3	DTE Energy Trading	8320207	MichCon Citygate	06/01/21	06/30/21	300,000	$	2.290	$	687,000	Fixed Price
4	DTE Energy Trading	8320207	MichCon Citygate	07/01/21	07/31/21	310,000	$	2.290	$	709,900	Fixed Price
5	DTE Energy Trading	8320207	MichCon Citygate	08/01/21	08/31/21	310,000	$	2.290	$	709,900	Fixed Price
6	DTE Energy Trading	8320207	MichCon Citygate	09/01/21	09/30/21	300,000	$	2.290	$	687,000	Fixed Price
7	DTE Energy Trading	8382561	MichCon Citygate	04/01/21	04/30/21	201,000	$	2.440	$	490,440	Fixed Price
8	DTE Energy Trading	8382561	MichCon Citygate	05/01/21	05/31/21	207,700	$	2.440	$	506,788	Fixed Price
9	DTE Energy Trading	8382561	MichCon Citygate	06/01/21	06/30/21	201,000	$	2.440	$	490,440	Fixed Price
10	DTE Energy Trading	8382561	MichCon Citygate	07/01/21	07/31/21	207,700	$	2.440	$	506,788	Fixed Price
11	DTE Energy Trading	8382561	MichCon Citygate	08/01/21	08/31/21	207,700	$	2.440	$	506,788	Fixed Price
12	DTE Energy Trading	8382561	MichCon Citygate	09/01/21	09/30/21	201,000	$	2.440	$	490,440	Fixed Price
	Subtotal					**3,056,100**	**$**	**2.350**	**$**	**7,182,384**	
13	DTE Energy Trading	7831514	NEXUS-Clarington	11/01/21	11/30/21	51,000	$	2.340	$	119,340	Fixed Price
14	DTE Energy Trading	7831514	NEXUS-Clarington	12/01/21	12/31/21	52,700	$	2.340	$	123,318	Fixed Price
15	DTE Energy Trading	7831514	NEXUS-Clarington	01/01/22	01/31/22	52,700	$	2.340	$	123,318	Fixed Price
16	DTE Energy Trading	7831514	NEXUS-Clarington	02/01/22	02/28/22	47,600	$	2.340	$	111,384	Fixed Price
17	DTE Energy Trading	7831514	NEXUS-Clarington	03/01/22	03/31/22	52,700	$	2.340	$	123,318	Fixed Price
18	DTE Energy Trading	8102458	NEXUS-Clarington	11/01/21	11/30/21	303,000	$	2.200	$	666,600	Fixed Price
19	DTE Energy Trading	8102458	NEXUS-Clarington	12/01/21	12/31/21	313,100	$	2.200	$	688,820	Fixed Price
20	DTE Energy Trading	8102458	NEXUS-Clarington	01/01/22	01/31/22	313,100	$	2.200	$	688,820	Fixed Price
21	DTE Energy Trading	8102458	NEXUS-Clarington	02/01/22	02/28/22	282,800	$	2.200	$	622,160	Fixed Price
22	DTE Energy Trading	8102458	NEXUS-Clarington	03/01/22	03/31/22	313,100	$	2.200	$	688,820	Fixed Price
23	DTE Energy Trading	8177653	NEXUS-Clarington	11/01/21	11/30/21	324,000	$	2.330	$	754,920	Fixed Price
24	DTE Energy Trading	8177653	NEXUS-Clarington	12/01/21	12/31/21	334,800	$	2.330	$	780,084	Fixed Price
25	DTE Energy Trading	8177653	NEXUS-Clarington	01/01/22	01/31/22	334,800	$	2.330	$	780,084	Fixed Price
26	DTE Energy Trading	8177653	NEXUS-Clarington	02/01/22	02/28/22	302,400	$	2.330	$	704,592	Fixed Price
27	DTE Energy Trading	8177653	NEXUS-Clarington	03/01/22	03/31/22	334,800	$	2.330	$	780,084	Fixed Price
28	DTE Energy Trading	9224918	NEXUS-Clarington	12/01/21	12/31/21	79,050	$	4.970	$	392,879	TETCO M2 Monthly Index
	Subtotal					**3,491,650**	**$**	**2.334**	**$**	**8,148,541**	
29	DTE Energy Trading	8780718	NEXUS-Kensington	04/01/21	04/30/21	834,000	$	2.421	$	2,019,114	NYMEX Monthly Index
30	DTE Energy Trading	9170082	NEXUS-Kensington	11/01/21	11/30/21	534,000	$	6.012	$	3,210,408	NYMEX Monthly Index
31	DTE Energy Trading	9222223	NEXUS-Kensington	12/01/21	12/31/21	551,800	$	5.217	$	2,878,741	NYMEX Monthly Index
32	DTE Energy Trading	9227255	NEXUS-Kensington	12/01/21	12/31/21	620,000	$	5.367	$	3,327,540	NYMEX Monthly Index
33	DTE Energy Trading	9270200	NEXUS-Kensington	01/01/22	01/31/22	309,742	$	4.034	$	1,249,499	NYMEX Monthly Index
34	DTE Energy Trading	9325554	NEXUS-Kensington	02/01/22	02/28/22	420,000	$	6.345	$	2,664,900	NYMEX Monthly Index
	Subtotal					**3,269,542**	**$**	**4.695**	**$**	**15,350,202**	
35	DTE Energy Trading	9382483	NEXUS-Ypsilanti	03/01/22	03/31/22	241,800	$	4.468	$	1,080,362	NYMEX Monthly Index
	DTEET Total					**10,059,092**	**$**	**3.157**	**$**	**31,761,489**	

Source: Exhibit AG-6 from Exhibit A-7 Revised.

MICHIGAN PUBLIC SERVICE COMMISSION
DTE GAS COMPANY

NEXUS Gas Supply Incremental Cost from Start of Capacity Contract

Line #		GCR Year	NEXUS Incremental Cost [1]
1	Case No. U-20817	2021-2022	$ 26,610,255
2	Case No. U-20544	2020-2021	6,880,876
3	Case No. U-20236	2019-2020	8,178,769
4	Case No. U-20210	2018-2019	6,643,522
5	**Cumulative Incremental Cost**		**$ 48,313,422**

Source: (1) Exhibit AG-2 from each case number.

MICHIGAN PUBLIC SERVICE COMMISSION
DTE GAS COMPANY

NEXUS Capacity Utilization for GCR Year 2021-2022

Exhibit AG-5
Case No. U-20817
March 31, 2023

Line #	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
		2021									2022			
1	**Capacity Utilization Before Capacity Release**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
2		30	31	30	31	31	30	31	30	31	31	28	31	365
3	**NEXUS Clarington - volume (Dth) [1]**	1,117,832	1,119,922	1,124,131	1,160,766	1,167,208	1,129,557	1,151,766	1,129,557	1,167,208	1,167,208	1,055,355	1,168,429	13,658,938
4	Average Gas Flow per day	37,262	36,128	37,476	37,445	37,653	37,653	37,184	37,652	37,682	37,682	36,392	37,691	447,899
5	Daily Capacity	75,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	487,500
6	**Percent Utilization**	**50%**	**96%**	**100%**	**100%**	**100%**	**100%**	**99%**	**100%**	**100%**	**100%**	**97%**	**101%**	**92%**
7	**NEXUS Kensington - volume (Dth) [1]**	1,112,535	733,950	662,388	715,005	767,095	742,350	207,468	1,122,433	1,159,848	1,071,244.70	970,004	920,514.00	10,184,834
8	Average Gas Flow per day	37,085	23,676	22,080	23,065	24,745	24,745	6,693	37,414	37,414	34,556	33,448	29,694	334,615
9	Daily Capacity	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	450,000
10	Percent Utilization	**99%**	**63%**	**59%**	**62%**	**66%**	**66%**	**18%**	**100%**	**100%**	**92%**	**89%**	**79%**	**74%**
11	**NEXUS Total - volume (Dth)**	2,230,367	1,853,871	1,786,519	1,875,771	1,934,303	1,871,907	1,359,234	2,251,990	2,327,056	2,238,453	2,025,359	2,088,943	23,843,772
12	Average Gas Flow per day	74,346	59,802	59,551	60,509	62,397	62,397	43,846	75,066	75,066	72,208	69,840	67,385	782,413
13	Daily Capacity	112,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	937,500
14	**Percent Utilization**	**66%**	**80%**	**79%**	**81%**	**83%**	**83%**	**58%**	**100%**	**100%**	**96%**	**93%**	**90%**	**83%**
15	**NEXUS Capacity Released - Kensington (Dth/d) [1]**		11,200	12,500	12,500	12,500	22,000				-		7,800	78,500
16	**NEXUS Total Utilization**													
17	Gas Flow per day	74,346	71,002	72,051	73,009	74,897	84,397	43,846	75,066	75,066	72,208	69,840	75,185	860,913
18	Daily Capacity	112,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	937,500
19	Percent Utilization	**66%**	**95%**	**96%**	**97%**	**100%**	**113%**	**58%**	**100%**	**100%**	**96%**	**93%**	**100%**	**92%**
20	**Loss of Value from Capacity Under-Utilization [2]**	$ 786,836	$ 297,843	$ 321,515	$ 311,009	$ 274,806	$ 265,942	$ 663,747				$ 78,844	$ 168,180	$ 3,168,723
21	**Amount Paid to NEXUS for Released Capacity [3]**		(38,574)	(9,375)	(17,050)	(20,538)	(17,250)	(21,142)					(7,496)	(131,425)
22	**Loss of Value After Capacity Release Credits**	**$ 786,836**	**$ 259,269**	**$ 312,140**	**$ 293,959**	**$ 254,268**	**$ 248,692**	**$ 642,605**	**$ -**	**$ -**	**$ -**	**$ 78,844**	**$ 160,684**	**$ 3,037,298**

Source (1) Exhibit AG-7 includes DR AGDG-1 28 with Exhibit A-28 Revised support workpaper.
(2) For months with less than 90% utilization, Kensington contract capacity less unutilized capacity x $0 695 x number of days in the month. For Clarington the rate is $0.845 per Dth/d.
(3) Exhibit A-5 Revised .

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-2.53a	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to the response to AGDG-1.25a. Please:

a. For each DTEET purchase transaction, expand Exhibit A-7 to show the purchase deal number, the purchase location, and the pipeline that transported the gas to the Company citygate. Provide the expanded exhibit in Excel.

Answer: Please refer to attachment labeled U-20817 AGDG-2.53a - Exhibit A-7 Revised with Deal Numbers and Receipt Locations. For the NEXUS-Kensington and Clarington receipted gas, the Company used its NEXUS transportation to deliver the gas the MichCon. For the MichCon Citygate and NEXUS-Ypsilanti receipted gas, the gas was already delivered to MichCon and didn't require the Company's transport.

Attachment: U-20817 AGDG-2.53a - Exhibit A-7 Revised with Deal Numbers and Receipt Locations

MICHIGAN PUBLIC SERVICE COMMISSION
DTE Gas Company

DTE Gas response to discovery AGDG-2.53a

Line	Affiliate	Deal Number	Receipt Location	Delivery Start	Delivery End	Volume (Dth)	Price $/Dth	Cost ($)	Price Method
	(col. a)			(col. b)	(col. c)	(col. d)	(col. e)	(col. f)	(col. g)
1	DTE Energy Trading	8320207	MichCon Citygate	04/01/21	04/30/21	300,000	$ 2.290	$ 687,000	Fixed Price
2	DTE Energy Trading	8382561	MichCon Citygate	04/01/21	04/30/21	201,000	$ 2.440	$ 490,440	Fixed Price
3	MichCon Gathering			04/01/21	04/30/21	118,770	$ 2.460	$ 292,174	MichCon City-Gate Monthly Index
4	DTE Energy Trading	8780718	NEXUS-Kensington	04/01/21	04/30/21	834,000	$ 2.421	$ 2,019,114	NYMEX Monthly Index
5	DTE Energy Trading	8320207	MichCon Citygate	05/01/21	05/31/21	310,000	$ 2.290	$ 709,900	Fixed Price
6	DTE Energy Trading	8382561	MichCon Citygate	05/01/21	05/31/21	207,700	$ 2.440	$ 506,788	Fixed Price
7	MichCon Gathering			05/01/21	05/31/21	123,031	$ 2.790	$ 343,256	MichCon City-Gate Monthly Index
8	DTE Energy Trading	8320207	MichCon Citygate	06/01/21	06/30/21	300,000	$ 2.290	$ 687,000	Fixed Price
9	DTE Energy Trading	8382561	MichCon Citygate	06/01/21	06/30/21	201,000	$ 2.440	$ 490,440	Fixed Price
10	MichCon Gathering			06/01/21	06/30/21	111,593	$ 2.860	$ 319,156	MichCon City-Gate Monthly Index
11	DTE Energy Trading	8320207	MichCon Citygate	07/01/21	07/31/21	310,000	$ 2.290	$ 709,900	Fixed Price
12	DTE Energy Trading	8382561	MichCon Citygate	07/01/21	07/31/21	207,700	$ 2.440	$ 506,788	Fixed Price
13	MichCon Gathering			07/01/21	07/31/21	-	$ -	$ (21,364)	Fixed Price
14	MichCon Gathering			07/01/21	07/31/21	107,962	$ 3.460	$ 373,549	MichCon City-Gate Monthly Index
15	DTE Energy Trading	8320207	MichCon Citygate	08/01/21	08/31/21	310,000	$ 2.290	$ 709,900	Fixed Price
16	DTE Energy Trading	8382561	MichCon Citygate	08/01/21	08/31/21	207,700	$ 2.440	$ 506,788	Fixed Price
17	MichCon Gathering			08/01/21	08/31/21	105,005	$ 3.830	$ 402,169	MichCon City-Gate Monthly Index
18	DTE Energy Trading	8320207	MichCon Citygate	09/01/21	09/30/21	300,000	$ 2.290	$ 687,000	Fixed Price
19	DTE Energy Trading	8382561	MichCon Citygate	09/01/21	09/30/21	201,000	$ 2.440	$ 490,440	Fixed Price
20	MichCon Gathering			09/01/21	09/30/21	63,000	$ 4.190	$ 263,970	MichCon City-Gate Monthly Index
21	MichCon Gathering			10/01/21	10/31/21	85,507	$ 5.490	$ 469,433	MichCon City-Gate Monthly Index
22	DTE Energy Trading	7831514	NEXUS-Clarington	11/01/21	11/30/21	51,000	$ 2.340	$ 119,340	Fixed Price
23	DTE Energy Trading	8102458	NEXUS-Clarington	11/01/21	11/30/21	303,000	$ 2.200	$ 666,600	Fixed Price
24	DTE Energy Trading	8177653	NEXUS-Clarington	11/01/21	11/30/21	324,000	$ 2.330	$ 754,920	Fixed Price
25	MichCon Gathering			11/01/21	11/30/21	103,975	$ 5.930	$ 616,572	MichCon City-Gate Monthly Index
26	DTE Energy Trading	9170082	NEXUS-Kensington	11/01/21	11/30/21	534,000	$ 6.012	$ 3,210,408	NYMEX Monthly Index
27	DTE Energy Trading	7831514	NEXUS-Clarington	12/01/21	12/31/21	52,700	$ 2.340	$ 123,318	Fixed Price
28	DTE Energy Trading	8102458	NEXUS-Clarington	12/01/21	12/31/21	313,100	$ 2.200	$ 688,820	Fixed Price
29	DTE Energy Trading	8177653	NEXUS-Clarington	12/01/21	12/31/21	334,800	$ 2.330	$ 780,084	Fixed Price
30	MichCon Gathering			12/01/21	12/31/21	122,482	$ 5.060	$ 619,759	MichCon City-Gate Monthly Index
31	DTE Energy Trading	9222223	NEXUS-Kensington	12/01/21	12/31/21	551,800	$ 5.217	$ 2,878,741	NYMEX Monthly Index
32	DTE Energy Trading	9224918	NEXUS-Clarington	12/01/21	12/31/21	79,050	$ 4.970	$ 392,879	TETCO M2 Monthly Index
33	DTE Energy Trading	9227255	NEXUS-Kensington	12/01/21	12/31/21	620,000	$ 5.367	$ 3,327,540	NYMEX Monthly Index
34	DTE Energy Trading	7831514	NEXUS-Clarington	01/01/22	01/31/22	52,700	$ 2.340	$ 123,318	Fixed Price
35	DTE Energy Trading	8102458	NEXUS-Clarington	01/01/22	01/31/22	313,100	$ 2.200	$ 688,820	Fixed Price
36	DTE Energy Trading	8177653	NEXUS-Clarington	01/01/22	01/31/22	334,800	$ 2.330	$ 780,084	Fixed Price
37	DTE Energy Trading	9270200	NEXUS-Kensington	01/01/22	01/31/22	309,742	$ 4.034	$ 1,249,499	NYMEX Monthly Index
38	MichCon Gathering			01/01/22	01/31/22	96,246	$ 3.950	$ 380,172	MichCon City-Gate Monthly Index
39	DTE Energy Trading	7831514	NEXUS-Clarington	02/01/22	02/28/22	47,600	$ 2.340	$ 111,384	Fixed Price
40	DTE Energy Trading	8102458	NEXUS-Clarington	02/01/22	02/28/22	282,800	$ 2.200	$ 622,160	Fixed Price
41	DTE Energy Trading	8177653	NEXUS-Clarington	02/01/22	02/28/22	302,400	$ 2.330	$ 704,592	Fixed Price
42	MichCon Gathering			02/01/22	02/28/22	82,556	$ 6.150	$ 507,719	MichCon City-Gate Monthly Index
43	DTE Energy Trading	9325554	NEXUS-Kensington	02/01/22	02/28/22	420,000	$ 6.345	$ 2,664,900	NYMEX Monthly Index
44	DTE Energy Trading	7831514	NEXUS-Clarington	03/01/22	03/31/22	52,700	$ 2.340	$ 123,318	Fixed Price
45	DTE Energy Trading	8102458	NEXUS-Clarington	03/01/22	03/31/22	313,100	$ 2.200	$ 688,820	Fixed Price
46	DTE Energy Trading	8177653	NEXUS-Clarington	03/01/22	03/31/22	334,800	$ 2.330	$ 780,084	Fixed Price
47	MichCon Gathering			03/01/22	03/31/22	73,636	$ 4.360	$ 321,053	MichCon City-Gate Monthly Index
48	DTE Energy Trading	9382483	NEXUS-Ypsilanti	03/01/22	03/31/22	241,800	$ 4.468	$ 1,080,362	NYMEX Monthly Index
49	Total (Dth)					11,252,855	$ 3.257	$ 36,649,107	

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.28b	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to Exhibit A-28. Please:

b. For line 48, explain why the utilization percentage for Viking/ANR Northern was 35% in August 2021, and why the remaining capacity was not released. If it was released and no bids were received, provide evidence that the capacity was posted for release.

Answer: Refer to attachment labeled Exhibit A-28 Revised and U-20817 AGDG-1.7a Gas Supply Amendments. The Company amended deals on Viking (reference deal numbers 9071851, 9072833, and 9072835) to relocate natural gas to MichCon, which resulted in the utilization number being less than 90%.

Attachment: Exhibit A-28 Revised

	Item	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
2	**Pipeline Capacity (Dth/Day)**													
3	Great Lakes	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390	30,390
4	Viking/ANR Northern	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
5	Vector	10,000	10,000	10,000	10,000	10,000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000
6	Panhandle Field Zone	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
7	NEXUS - Kensington	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
8	NEXUS - Clarington	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
9	ANR Alliance	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
10	ANR SW	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
11	ANR ML3	-	-	-	-	-	-	-	60,000	60,000	60,000	60,000	60,000	60,000
12	Total	330,390	330,390	330,390	330,390	330,390	330,390	330,390	400,390	400,390	400,390	400,390	400,390	400,390
13	**Supply Delivered (Dth/Day)**													
14	Great Lakes	28,217	28,217	30,445	30,504	27,880	28,960	28,100	30,634	28,287	29,302	30,030	30,289	
15	Viking/ANR Northern	20,684	20,253	14,177	20,253	7,187	20,253	20,253	20,358	20,791	20,644	20,644	20,644	
16	Vector	-	-	-	-	-	-	-	-	-	-	-	19,216	
17	Panhandle Field Zone	64,391	64,391	64,391	64,391	64,391	64,391	64,391	62,925	65,915	65,856	62,925	65,857	
18	NEXUS - Kensington	37,085	23,676	22,080	23,065	24,745	24,745	6,693	37,414	37,414	34,556	34,643	29,694	
19	NEXUS - Clarington	37,261	36,127	37,471	37,444	37,652	37,652	37,154	37,652	37,652	37,652	37,691	37,691	
20	ANR Alliance	-	-	-	-	-	-	-	7,004	32,223	9,559	18,022	49,984	
21	ANR SW	80,030	78,438	78,438	78,438	78,438	78,384	78,434	79,935	80,030	80,076	77,243	80,068	
22	ANR ML3	-	-	-	-	-	-	-	59,861	59,756	59,972	60,121	59,968	
23	Total	267,667	251,101	247,001	254,094	240,292	254,385	235,024	335,784	362,069	337,618	341,320	393,411	
24	**Capacity Released (Dth/Day)**													
25	Great Lakes													
26	Viking/ANR Northern													
27	Vector					9,600								
28	Panhandle Field Zone				1,900	1,900	1,900	1,900	2,900			2,900		
29	NEXUS - Kensington		11,200	12,500	12,500	12,500	12,500	22,000					7,800	
30	NEXUS - Clarington													
31	ANR Alliance (2)													
32	ANR SW													
33	ANR ML3													
34	Total	-	11,200	12,500	14,400	24,000	14,400	23,900	2,900	-	-	2,900	7,800	
35	**Total Utilization (Dth/Day)**													
36	Great Lakes	28,217	28,217	30,445	30,504	27,880	28,960	28,100	30,634	28,287	29,302	30,030	30,289	29,229
37	Viking/ANR Northern	20,684	20,253	14,177	20,253	7,187	20,253	20,253	20,358	20,791	20,644	20,644	20,644	18,830
38	Vector	-	-	-	-	9,600	-	-	-	-	-	-	19,216	2,447
39	Panhandle Field Zone	64,391	64,391	64,391	66,291	66,291	66,291	66,291	65,825	65,915	65,856	65,825	65,857	65,637
40	NEXUS - Kensington	37,085	34,876	34,580	35,565	37,245	37,245	28,693	37,414	37,414	34,556	34,643	37,494	35,564
41	NEXUS - Clarington	37,261	36,127	37,471	37,444	37,652	37,652	37,154	37,652	37,652	37,652	37,691	37,691	37,422
42	ANR Alliance	-	-	-	-	-	-	-	7,004	32,223	9,559	18,022	49,984	9,752
43	ANR SW	80,030	78,438	78,438	78,438	78,438	78,384	78,434	79,935	80,030	80,076	77,243	80,068	79,008
44	ANR ML3	-	-	-	-	-	-	-	59,861	59,756	59,972	60,121	59,968	24,794
45		267,667	262,301	259,501	268,494	264,292	268,785	258,924	338,684	362,069	337,618	344,220	401,211	302,683
46	**Total Utilization Rate (1)**													**Annual Ave**
47	Great Lakes	93%	93%	100%	100%	92%	95%	92%	100%	93%	96%	99%	100%	96%
48	Viking/ANR Northern	98%	96%	68%	96%	34%	96%	96%	97%	99%	98%	98%	98%	90%
49	Vector	0%	0%	0%	0%	96%	0%	0%	0%	0%	0%	0%	96%	17%
50	Panhandle Field Zone	99%	99%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
51	NEXUS - Kensington	99%	93%	92%	95%	99%	99%	77%	100%	100%	92%	92%	100%	95%
52	NEXUS - Clarington	99%	96%	100%	100%	100%	100%	99%	100%	100%	100%	100%	100%	100%
53	ANR Alliance	0%	0%	0%	0%	0%	0%	0%	14%	64%	19%	36%	100%	20%
54	ANR SW	100%	99%	99%	99%	99%	99%	99%	100%	100%	100%	98%	100%	100%
55	ANR ML3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%	100%
		81%	79%	79%	81%	80%	81%	78%	85%	90%	84%	86%	100%	84%

Notes

(1) ALL Pipelines that were below 100% utilization rate are due to unsubscribed capacity releases (capacity was posted for release but no offer were received).

ICF Report December 2015, Case U-17941, Exhibit A-34, Forecasted Gas Prices with Rover and NEXUS

Case No.: U-17941
Exhibit No.: A-34
Witness: M. D. Sloan
Page No.: 82 of 86

Michigan Public Service Commission
DTE Gas Company
Projected Transportation Utilization, Reservation Costs, and Usage Costs With NEXUS Capacity
November 2017 - October 2032
Nexus and Rover Scenario
Page 2 of 4

Pipeline Commodity Cost ($/Dth)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	15-Year Average
MichCon Citygate	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	**$0.000**
Great Lakes	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	$0.014	**$0.014**
Viking/ANR ML-7	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	$0.023	**$0.023**
Vector	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	$0.002	**$0.002**
Panhandle Field Zone	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	$0.044	**$0.044**
Trunkline/Panhandle	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	$0.026	**$0.026**
ANR Alliance	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	$0.010	**$0.010**
ANR SW	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	$0.018	**$0.018**
ANR SE	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	$0.011	**$0.011**
Nexus	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	**$0.000**

Pipeline Fuel Ratio (%)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	15-Year Average
MichCon Citygate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Great Lakes	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	**1.6%**
Viking/ANR ML-7	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	**1.1%**
Vector	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	**1.1%**
Panhandle Field Zone	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	**4.8%**
Trunkline/Panhandle	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	**3.9%**
ANR Alliance	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	**1.1%**
ANR SW	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	**4.1%**
ANR SE	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	**2.4%**
Nexus	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	**1.5%**

Commodity Purchase Price ($)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	15-Year Average
MichCon Citygate	$3.43	$4.21	$4.62	$4.83	$4.96	$5.03	$5.08	$5.09	$5.28	$5.50	$5.75	$6.03	$6.30	$6.68	$6.97	**$5.32**
Great Lakes	$3.41	$4.16	$4.56	$4.77	$4.89	$4.96	$5.01	$5.02	$5.20	$5.42	$5.66	$5.93	$6.20	$6.56	$6.85	**$5.24**
Viking/ANR ML-7	$3.41	$4.16	$4.56	$4.77	$4.89	$4.96	$5.01	$5.02	$5.20	$5.42	$5.66	$5.93	$6.20	$6.56	$6.85	**$5.24**
Vector	$3.40	$4.17	$4.58	$4.79	$4.93	$4.99	$5.05	$5.05	$5.24	$5.46	$5.71	$5.98	$6.25	$6.63	$6.91	**$5.28**
Panhandle Field Zone	$3.23	$4.00	$4.41	$4.62	$4.76	$4.82	$4.88	$4.88	$5.07	$5.27	$5.51	$5.77	$6.03	$6.39	$6.66	**$5.09**
Trunkline/Panhandle	$3.23	$4.00	$4.41	$4.62	$4.76	$4.82	$4.88	$4.88	$5.07	$5.27	$5.51	$5.77	$6.03	$6.39	$6.66	**$5.09**
ANR Alliance	$3.40	$4.17	$4.58	$4.79	$4.93	$4.99	$5.05	$5.05	$5.24	$5.46	$5.71	$5.98	$6.25	$6.63	$6.91	**$5.28**
ANR SW	$3.21	$3.97	$4.38	$4.58	$4.72	$4.79	$4.85	$4.85	$5.03	$5.23	$5.47	$5.72	$5.98	$6.34	$6.61	**$5.05**
ANR SE	$3.38	$4.18	$4.60	$4.82	$4.95	$5.01	$5.06	$5.06	$5.25	$5.47	$5.72	$5.99	$6.26	$6.63	$6.91	**$5.28**
Nexus	$2.82	$3.56	$3.94	$4.12	$4.25	$4.29	$4.32	$4.31	$4.46	$4.65	$4.88	$5.14	$5.31	$5.57	$5.75	**$4.49**

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.8a	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to page 20, lines 15-25, of Mr. Madigan's direct testimony. Please:

a. Provide a copy of the July 2014 landed cost analysis (LCA) to which you refer.

Answer: Please refer to attachment labeled U-20817 AGDG-1.8a July 2014 LCA.

Attachment: U-20817 AGDG-1.8a July 2014 LCA

DTE Gas Company
April 2015-March 2020
NEXUS Landed Cost Analysis - July 2014

Cost Analysis by Pipeline Route N17O32
Jul-14
Basis from ICF 7/3/2014

		Current Pipeline Portfolio										Proposed Pipeline			
		Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14
1	Item - Routes	MichCon	Dawn Vector BH-IT	ANR ML-7 @MAX	Vector PL @Disc	Emerson-GLGT @MAX	ANR/SW @MAX	PEPL Field @Disc	ANR/SE @Max	TGS/PEPL @Disc	Emerson-Viking-ANR @MAX	NEXUS PL @ $.675	ET Rover PL @.80	ANR East PL Leesville @ $.68	ANR East PL Clarington@ $.77
2	MDQ (MDth/Day)														
3	ACQ (MDth)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4															
5	Receipt Point VC:														
6	NYMEX - ICF	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000	$ 7.1000
7	Ave Basis - ICF	$ 0.250	$ 0.480	$ (0.0200)	$ (0.0200)	$ 0.310	$ (0.410)	$ (0.350)	$ (0.210)	$ (0.180)	$ 0.310	$ (0.560)	$ (0.560)	$ (0.560)	$ (0.430)
8	Price	$ 7.3500	$ 7.5800	$ 7.0800	$ 7.0800	$ 7.4100	$ 6.6900	$ 6.7500	$ 6.8900	$ 6.9200	$ 7.4100	$ 6.5400	$ 6.5400	$ 6.5400	$ 6.6700
9															
10	First Pipe VC:														
11	Fuel Rate			0.91%	1.10%	1.44%	3.70%	5.98%	2.37%	1.73%	0.24%	1.04%	2.00%	2.00%	2.00%
12	Fuel Cost	$ -	$ -	$ 0.0650	$ 0.0787	$ 0.1083	$ 0.2570	$ 0.4293	$ 0.1673	$ 0.1218	$ 0.0178	$ 0.0687	$ 0.1335	$ 0.1335	$ 0.1361
13	Tran. Com. Rate			$ 0.0018	$ 0.0018	$ 0.0126	$ 0.0179	$ 0.0044	$ 0.0161	$ 0.0148	$ 0.0148	$ 0.0050	$ 0.0100	$ 0.0100	$ 0.0100
14	First Pipe VC	$ -	$ -	$ 0.0668	$ 0.0805	$ 0.1209	$ 0.2749	$ 0.4337	$ 0.1834	$ 0.1366	$ 0.0326	$ 0.0737	$ 0.1435	$ 0.1435	$ 0.1461
15															
16	Second Pipe VC:														
17	Fuel Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.16%	0.36%	0.00%	0.00%	0.00%	0.00%
18	Fuel Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.1558	$ 0.0269	$ -	$ -	$ -	$ -
19	Tran. Com. Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0096	$ 0.0148	$ -	$ -	$ -	$ -
20	Second Pipe VC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.1654	$ 0.0417	$ -	$ -	$ -	$ -
21															
22	Third Pipe VC:														
23	Fuel Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24	Fuel Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	Tran. Com. Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Third Pipe VC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27															
28	Total Transport VC	$ -	$ -	$ 0.0668	$ 0.0805	$ 0.1209	$ 0.2749	$ 0.4337	$ 0.1834	$ 0.3020	$ 0.0743	$ 0.0737	$ 0.1435	$ 0.1435	$ 0.1461
29															
30	Variable COG Delivered	$ 7.3500	$ 7.5800	$ 7.1468	$ 7.1605	$ 7.5309	$ 6.9649	$ 7.1837	$ 7.0734	$ 7.2220	$ 7.4843	$ 6.6137	$ 6.6835	$ 6.6835	$ 6.8161
31	**Variable Cost Ranking Only**														
34	Reservation Rate @ 100%LF														
35	First Pipe			$ 0.1397	$ 0.1800	$ 0.3108	$ 0.3041	$ 0.3000	$ 0.3176	$ 0.1475	$ 0.1597	$ 0.6750	$ 0.8000	$ 0.6800	$ 0.7700
36	Second Pipe									$ 0.1000	$ 0.1397				
37	Third Pipe														
38	Total Transportation Rate@100% LF	$ -	$ -	$ 0.1397	$ 0.1800	$ 0.3108	$ 0.3041	$ 0.3000	$ 0.3176	$ 0.2475	$ 0.2994	$ 0.6750	$ 0.8000	$ 0.6800	$ 0.7700
39															
40	Capacity Release Credits														
41															
42	Average COG Delivered	$ 7.350	$ 7.580	$ 7.287	$ 7.341	$ 7.842	$ 7.269	$ 7.484	$ 7.391	$ 7.470	$ 7.784	$ 7.289	$ 7.483	$ 7.363	$ 7.586

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.8b	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to page 20, lines 15-25, of Mr. Madigan's direct testimony. Please:

b. Admit the transportation rates used in the landed cost analysis for several of the pipelines listed were maximum filed rates, while for NEXUS the Company used a discounted rate instead of the maximum filed rate. If admitting, identify for which pipelines the Company used maximum tariffs. If not admitting, identify the source and type of rate listed for each of the pipelines included in the landed cost analysis.

Answer: Yes. The Company used max rates if no other alternative was provided by the pipeline. The Company used discounted rates in cases where pipeline provided those specific rates to use in its analysis. The discounted and max rates are identified in attachment labeled U-20817 AGDG-1.8a July 2014 LCA; row 1.

Attachment: None

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-1.9
Respondent: J. Madigan
Page: 1 of 1

Question: Refer to page 21, lines 11-20, of Mr. Madigan's direct testimony. Please identify any other interstate pipelines where the Company had contracts for transportation service at or below the maximum filed rate during the 2021-2022 GCR year and provide the annual cost savings between the maximum rate and the rate paid.

Answer: Please refer to attachment labeled U-20817 AGDG-1.9 – Transportation Cost Savings.

Attachment: U-20817 AGDG-1.9 – Transportation Cost Savings

Contract Number	Summer Volume	Winter Volume	Discounted Rate ($/Dth/Mo)	Maximum Rate ($/Dth/Mo)	Annual Savings
ANR 108268	10,000	10,000	$ 9.7320	$ 13.2886	$ 426,792
ANR 108304	15,000	15,000	$ 9.7320	$ 13.2886	$ 640,188
ANR 109511	25,000	25,000	$ 11.0000	$ 12.4690	$ 440,700
Vector FT-1-MCG-5676	10,000	20,000	$ 4.2583	$ 7.0515	$ 473,849
				Total	**$ 1,981,529**

MPSC Case No.:	U-20544
Requestor:	AG
Question No.:	AGDG-3.95a
Respondent:	S. Moore
Page:	1 of 1

Question: Refer to discovery response AGDG-1.16.

a. The document provided in attachment AGDG-1.16 is faded and difficult to read. Please provide a legible copy and also provide the open season notification from NEXUS as requested but not provided in response to AGDG-1.16.

Answer: See attachment provided in U-18152 MEC-2.27 Nexus Open Season Bid.pdf

Attachments: None.

MPSC Case No.: U-18152
Respondent: R. Lawshe
Requestor: MEC
Question No.: MEC-2.27
Page: 1 of 1

Question: 27. Please provide a copy of DTE Gas's bid for NEXUS capacity during the NEXUS open season.

Answer: Please see attached MEC-2 Q27.

NEXUS Gas Transmission Project
Open Season for Firm Transportation Capacity
Service Request Form

NEXUS GAS TRANSMISSION

Shipper Information

Company: MICHIGAN CONSOLIDATED GAS COMPANY, A SUBSIDIARY OF DTE ENERGY *

Contact: ROBERT LAWSHE

Address: ONE ENERGY PLAZA, DETROIT, MI 48226

Telephone: 313.235.1003 Fax: 313.235.1065

E-mail: LAWSHER@DTEENERGY.COM

*EXPECTING ANCHOR SHIPPER STATUS ALONG WITH AFFILIATE ENERGY TRADING

Maximum Daily Quantity: 70,000 DTH/DAY

Term (15 year minimum): 15 YEAR

Receipt Point(s)	Quantity (Dth/d)	Delivery Point(s)	Quantity (Dth/d)
CENTRAL - N.E. OHIO	70,000	MICH CON CITY GATE	70,000

Signature of Requestor/Customer:

Name: R. Lawshe Title: Manager - Gas Supply Date: 11/30/2012

**SEE ATTACHED CONTINGENCIES

By completing this Service Request Form, subject to the acceptance of shipper's request for service and shipper's receipt of notification from of the quantities of capacity allocated to shipper, shipper hereby agrees to enter into negotiations with the objective to enter into a binding Precedent Agreement with the project company. If shipper does not enter into a binding Precedent Agreement, the project developers reserve the right to reject shipper's request for service as set forth in this Service Request Form. **

If you have any questions, please contact the representative listed below. In addition, please send your completed Service Request Form to:

Bobby Huffman, Director, Business Development
5400 Westheimer Court
Houston, TX 77056

713-627- 4727 *fax*
rlhuffman@spectraenergy.com

Should you have any questions about the NEXUS Gas Transmission Project or the Service Request Form, please contact Bobby Huffman at (713) 627-5259, Mark Bering at (313) 235-6531, or Rene Dartez at (713) 821-2004.

Nexus Pipeline Contingencies:

This document, dated November 30, 2012, is attached to and made a part of that certain non-binding Service Request Form, also dated November 30, 2012, with the title NEXUS Gas Transmission Project Open Season for Firm Transportation Capacity, from Michigan Consolidated Gas Company (MichCon), a subsidiary of DTE Energy Company. MichCon's request for transportation service is subject to the following contingencies:

1. MichCon's ability to secure 15 Year supply contracts with Utica producers/suppliers with pricing mechanism of MichCon City Gate Index less: a) Nexus Pipeline demand charge and all associated variables costs for delivery to MichCon City Gate and b) Any MichCon system marginal operating expenses which is currently 0.25%, subject to tariff revisions of ANR..
2. MichCon's ability to secure firm supply contracts subject to 75% annual must take and 50% monthly must take provisions.
3. MichCon's ability to secure supply and transportation contracts with sufficient release of obligations to perform under the contract(s) in the event of loss of markets to its Customer Choice program.
4. MichCon's ability to secure, in its sole opinion, sufficient support from the Michigan Public Service Commission (MPSC) to contract for the Nexus transportation and associated supply with reasonable assurance of full cost recover.
5. If EPA regulations or laws become effective that constrain, or limit hydraulic fracturing or hydraulic fracturing fluid disposed in the Utica/Marcellus shale, then MichCon would have the right reduce its transportation MDQ, and associated reservation charges, down to zero.
6. MichCon will not be responsible for any Nexus Pipeline cost overruns that would occur after a final mutually agreeable negotiated transportation rate have be agree too.
7. MichCon's ability to secure approval from its Board of Directors, Risk Management Committee, or any other required approvals contained in its Corporate Policies.
8. MichCon's ability to release any unused Nexus Pipeline capacity to it producers/suppliers at the same reservation rate paid, consistent with FERC capacity release and AMA rules.
9. This document and associated service request shall remain confidential and not be disclosed to any party other than Nexus Pipeline, MichCon, and their affiliates.

MPSC Case No.:	U-20236
Requestor:	Attorney General
Question No.:	AGDG-1.11c
Respondent:	E. P. Schiffer
Page:	1 of 1

Question: Refer to page 29, lines 19-21, of Mr. Schiffer's direct testimony. Please:

c. If the Company has not been able to acquire sufficient gas supply at Kensington at attractive prices, please explain why.

Answer: When DTE Gas first started exploring the NEXUS greenfield pipeline it was anticipated that drilling would occur around the region serviced by the Kensington plant. As the area developed, more of the drilling went further south (near Clarington) due to the liquid rich environment resulting in lower prices at Clarington versus at Kensington.

Attachments: None.

MPSC Case No.:	U-21064
Requestor:	AG
Question No.:	AGDG-2.41b
Respondent:	S. Moore
Page:	1 of 1

Question: Refer to lines 19-25 on page 5 and lines 1-8 on page 6 of Ms. Moore's rebuttal testimony.

b. Provide a copy of the calculations in Excel supporting the 69% with references to the underlying data in the NEXUS report filed with FERC.

Answer: Refer to attachment labeled U-21064 AGDG-2.41b - NEXUS FERC Filing Calculation.

Attachments: U-21064 AGDG-2.41b - NEXUS FERC Filing Calculation

	U-21064 AGDG-2.41b																	
					July	August	Septembe	October	Novembe	Decembe	January	Februar	March	April	May	June	Total	
	Long Term				31	31	30	31	30	31	31	28	31	30	31	30		Assumed Daily Capacity
FT-1	RESERVATION	CHEVRONUS	SZ	M1	-	-	-	-	-	-	-	-	-	-	3,410,000	3,300,000	6,710,000	110,000
FT-1	RESERVATION	CNX GAS LLC	SZ	M1	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	1,380,000	115,000
FT-1	RESERVATION	CNX GAS OH	SZ	M1	1,550,000	1,550,000	1,500,000	1,550,000	1,500,000	1,550,000	1,550,000	1,400,000	1,550,000	1,500,000	1,550,000	1,500,000	18,250,000	50,000
FT-1	RESERVATION	DTE ELECTRIC	M1	M1	465,000	465,000	450,000	465,000	450,000	465,000	465,000	420,000	465,000	450,000	465,000	450,000	5,475,000	30,000
FT-1	RESERVATION	DTE ELECTRIC	SZ	M1	465,000	465,000	450,000	465,000	450,000	465,000	465,000	420,000	465,000	450,000	465,000	450,000	5,475,000	<-- TEAL Capacity
FT-1	RESERVATION	DTE GAS COM	M1	M1	1,162,500	1,162,500	1,125,000	1,162,500	1,125,000	1,162,500	1,162,500	1,050,000	1,162,500	1,125,000	1,162,500	1,125,000	13,687,500	75,000
FT-1	RESERVATION	DTE GAS COM	SZ	M1	1,162,500	1,162,500	1,125,000	1,162,500	1,125,000	1,162,500	1,162,500	1,050,000	1,162,500	1,125,000	1,162,500	1,125,000	13,687,500	<-- TEAL Capacity
FT-1	RESERVATION	EAP OHIO	M1	M2	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,400,000	200,000
FT-1	RESERVATION	ENB GAS INC	M1	M1	1,705,000	1,705,000	1,650,000	1,705,000	1,650,000	1,705,000	1,705,000	1,540,000	1,705,000	1,650,000	1,705,000	1,650,000	20,075,000	110,000
FT-1	RESERVATION	ENB GAS INC	SZ	M1	1,705,000	1,705,000	1,650,000	1,705,000	1,650,000	1,705,000	1,705,000	1,540,000	1,705,000	1,650,000	1,705,000	1,650,000	20,075,000	<-- TEAL Capacity
FT-1	RESERVATION	ENBRIDG GAS	SZ	M1	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	200,000	25,000
FT-1	RESERVATION	ENBRIDG GAS	M1	M2	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000	150,000
FT-1	RESERVATION	ENBRIDG GAS	SZ	M2	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	900,000	<-- TEAL Capacity
	Short Term																	
FT-1	RESERVATION	NOBLE EN INC	SZ	M1	3,410,000	3,410,000	3,300,000	3,410,000	3,300,000	3,410,000	3,410,000	3,080,000	3,410,000	3,300,000	-	-	33,440,000	<-- This total is assumed above
FT-1	RESERVATION	THE EAST OH	SZ	M1	-	-	-	-	-	-	-	-	-	15,000	15,000	15,000	45,000	15,000
FT-1	RESERVATION	XTO ENERGY	SZ	M1	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	25,000
FT-1	RESERVATION	DTE ENERGY	SZ	M1	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	200,000	25,000
																	Assumed Daily	
																	Capacity Total	**930,000**
																	Total Capacity	**1,363,000**
																		69%

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-4.74	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to the response to AGDG-2.53e. For each of the purchase deals from NEXUS- Kensington and NEXUS-Clarington listed in Exhibit A-3, please provide the bid sheets with the supplier code, similar to the bid sheets provided in response to AGDG-3.71. If any of the bid sheets include any bids made by DTEET, please identify the supplier code assigned to DTEET.

Answer: Refer to attachment labeled U-20817 - AGDG-4.74 - NEXUS Coded Deal Sheets.

Attachment: U-20817 - AGDG-4.74 - NEXUS Coded Deal Sheets

Gas Supply Transaction Sheet

Deal Date: 12/21/21
Time: 1:41 PM
Marketer: Mike Wiegand

Counterparty: [redacted] NA [redacted]
Address: [redacted]

Supplier Status	
SBA	
SDB	
WOB	
HUBZone	
SDVOSB	
VOSB	
LARGE	
OTHER:	

Endur
Input Date: 12/21/2021
By: JBA

Supplier Approved by Risk Mgt. Date 12/21/2021
Fixed Price Approved by Risk Mgt. Date N/A

Primary Contact:
Name: [redacted]
Phone:
Fax:

	YES	NO
Physical Delivery Intended	X	
For Physical Sale to GCR Customer	X	
Cost of Gas Model Updated jba	X	

Rate

Estimated Cost: $1,260,460
as of: 12/21/21

	Transaction Type	Other Supplier Quotes: Supplier	NYMEX	BASIS	FIX Price or Index
	Index				
Period	Jan-22	[redacted]	No Offer		
NYMEX			No Offer		
Basis			No Offer		
Total Rate			No Offer		
Spread			No Offer		
Rate Index			No Offer		
Days	31				

	YES	NO
Spot Deal:	X	

Comments:
Price: NYMEX LD Close plus $.30 (USD/MMBtu)

Purchase

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #
Nexus	Kensington	10,000	MMBtu	Daily	01/01/22	01/31/22	N +.30	9272588
	#N2002							

Turn-Back

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #

Special Provision

Purpose of Transaction: Part of DTE Gas 2022 Planned Purchases

COMPLETED
CANCELLED
(circle one)

Sherri Moore
Gas Supply

Gas Supply Transaction Sheet

Deal Date:	12/21/21	Supplier Status	Endur
Time:	12:28 PM	SBA	Input Date: 12/21/2021
Marketer:	Mike Wiegand	SDB	By: JBA
		WOB	
		HUBZone	
Counterparty:	[redacted] BB	SDVOSB	
Address:	[redacted]	VOSB	
		LARGE	
		OTHER:	

Supplier Approved by Risk Mgt.	Date	12/21/21
Fixed Price Approved by Risk Mgt.	Date	N/A

Primary Contact:
Name: [redacted]
Phone: [redacted]
Fax: [redacted]

		YES	NO
Physical Delivery Intended		X	
For Physical Sale to GCR Custome		X	
Cost of Gas Model Updated	jba	X	

Rate

Estimated Cost: $1,998,068
as of: 12/21/21

	Transaction Type	Other Supplier Quotes: Supplier	NYMEX	BASIS	FIX Price or Index
	Index				
Period	Jan-22	[redacted] NA			
NYMEX			No Offer		
Basis			No Offer		
Total Rate			$ 0.300		
Spread			No Offer		
Rate Index			No Offer		
Days	31		No Offer		

	YES	NO
Spot Deal:	X	

Comments:
Price: NYMEX LTD less $.145 (USD/MMBtu)

BASIS Purchase

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #
NEXUS	Kensington	17,800	MMBtu	Daily	01/01/22	01/31/22	-$0.1450	9272577
	#N2002 or							
	#N2001							

Turn-Back

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #

Special Provision

Purpose of Transaction: Part of DTE Gas 2022 Planned Purchases

COMPLETED
CANCELLED
(circle one)

Sherri Moore
Gas Supply

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-3.71
Respondent: J. Madigan
Page: 1 of 1

Question: In reference to AGDG-1.27a, please provide all bid sheets for DTE Energy Trading (DTEET) purchases listed in Exhibit A-7, with supplier letter codes rather than the full blackout redactions. We are not seeking the actual identity of specific bidders.

Answer: Please refer to attachment labeled AGDG-3.71 - DTEET Coded Deal Sheets

Attachment: AGDG-3.71 - DTEET Coded Deal Sheets

Gas Supply Transaction Sheet

Deal Date:	01/24/22	**Supplier Status**	Endur
Time:	12:01 PM	**SBA**	Input Date: 1/24/2022
Marketer:		**SDB**	By: JBA
		WOB	
		HUBZone	
Counterparty:	DTE Energy Trading	**SDVOSB**	
Address:		**VOSB**	
		LARGE	
		OTHER:	

Supplier Approved by Risk Mgt.	Date	01/24/22	
Fixed Price Approved by Risk Mgt.	Date	N/A	
		YES	NO
Physical Delivery Intended		X	
For Physical Sale to GCR Custome		X	
Cost of Gas Model Updated	jba	x	

Primary Contact:
Name: [redacted]
Phone:
Fax:

Rate

Estimated Cost: $1,170,560
as of: 01/24/22

	Transaction Type	Other Supplier Quotes: Supplier	NYMEX	BASIS	FIX Price or Index
	Index				
Period	Feb-22	[redacted]	No Offer		
NYMEX			No Offer		
Basis			No Offer		
Total Rate			No Offer		
Spread			No Offer		
Rate Index					
Days	28				

	YES	NO
Spot Deal:	X	

Comments:
Price: NYMEX LTD Close plus $.08 (USD/MMbtu).

Purchase

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #
NEXUS	Kensington #N2002	15,000	MMBtu	Daily	02/01/22	02/28/22	$0.0800	9325554

Turn-Back

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #

Special Provisior

Purpose of Transaction: Part of DTE Gas 2022 Planned Purchases

COMPLETED
CANCELLED
(circle one)

Sherri Moore
Gas Supply

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-4.74
Respondent: J. Madigan
Page: 1 of 1

Question: Refer to the response to AGDG-2.53e. For each of the purchase deals from NEXUS- Kensington and NEXUS-Clarington listed in Exhibit A-3, please provide the bid sheets with the supplier code, similar to the bid sheets provided in response to AGDG-3.71. If any of the bid sheets include any bids made by DTEET, please identify the supplier code assigned to DTEET.

Answer: Refer to attachment labeled U-20817 - AGDG-4.74 - NEXUS Coded Deal Sheets.

Attachment: U-20817 - AGDG-4.74 - NEXUS Coded Deal Sheets

Gas Supply Transaction Sheet

Deal Date:	01/24/22	Supplier Status	Endur
Time:	12:18 PM	SBA	Input Date: 1/24/2022
Marketer:	Mike Wiegand	SDB	By: JBA
		WOB	
	[redacted] BB [redacted]	HUBZone	
Counterparty:		SDVOSB	
Address:		VOSB	
		LARGE	
		OTHER:	

Supplier Approved by Risk Mgt.	Date	01/24/22
Fixed Price Approved by Risk Mgt.	Date	N/A

Primary Contact:
Name: [redacted]
Phone:
Fax:

	YES	NO
Physical Delivery Intended	X	
For Physical Sale to GCR Custome	X	
Cost of Gas Model Updated jba	X	

Rate

Estimated Cost: $2,061,920
as of: 01/24/22

	Transaction Type	Other Supplier Quotes			
	Index	Supplier	NYMEX	BASIS	FIX Price or Index
Period	Feb-22				
NYMEX		[redacted] DTEET	$ 0.080		
Basis		[redacted]	No Offer		
Total Rate			No Offer		
Spread			No Offer		
Rate Index			No Offer		
Days	28		No Offer		

	YES	NO
Spot Deal:	X	

Comments:
Price: NYMEX LTD less $.12 (USD/MMBtu)

BASIS Purchase

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #
NEXUS	Kensington #N2002 or TGP #N2001	20,000	MMBtu	Daily	02/01/22	02/28/22	-$0.1200	9325747

Turn-Back

Pipeline	Location	Quantity	MMBtu Mcf	Monthly Daily	Term Start	Term End	Price	Deal #

Special Provision

Purpose of Transaction: Part of DTE Gas 2022 Planned Purchases

COMPLETED
CANCELLED
(circle one)

Sherri Moore
Gas Supply

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.27b	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to Exhibit A-7. Please:

b. If no bids were received from other suppliers for certain purchase deals, explain why not and how the DTEET purchase price was determined for each of those deals.

Answer: The buyer solicits price quotes from over twenty market participants for NYMEX, geographic basis, first-of-month index premium or discount, or fixed price and then identifies current market conditions using ProphetX and ICE. In cases where the Company does not receive at least three bids, the buyer determines if the bid(s) are in line with current market decisions. The buyer then selects the least expensive supplier(s) to fill the supply requirement by notifying the seller of the Company's acceptance of the offer.

The Company does know all market participants business practices and cannot explain why a company does or does not choose to provide a bid to the Company's solicitations.

Attachment: None.

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-2.54c	
Respondent: J. Madigan	
Page: 1 of 1	

Question: Refer to the response to AGDG-1.27b. Please:

c. For those gas purchase transactions where DTEET was the only bidder, provide the market price comparison used to determine that the DTEET price was reasonable, competitive, and appropriate. Provide the source of the comparative price. Show and explain how it was determined.

Answer: The Company followed its previously approved SWI (Standard Work Instruction) for purchasing natural gas for the 2021-22 GCR year as noted in AGDG-1.27b. The SWI does not require the buyer to retain the source or analysis for price comparison. Notwithstanding the requirement in the SWI, the Company provides the analysis for the requested purchases in attachment labeled NDA_U-20817 AGDG-2.54c – Purchase Analysis.

Attachment: NDA_U-20817 AGDG-2.54c – Purchase Analysis

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.43b	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to lines 20-21 on page 11 of Mr. Leiter's direct testimony. Please:

b. Provide the calculations in Excel supporting the amount billed to the customer and for the amount of $144,671 credited.

Answer: Since DTE didn't credit the customer for the actual Unauthorized gas consumed and only credited them the $1/CCF portion of the penalty, the calculation is quite simple. (Unauthorized gas volume in CCF x $1/CCF)

	Unauthorized Volume CCF	$1/CCF Unauthorized Gas Penalty
January-21	26,368	$ 26,368
December-20	118,303	$ 118,303
		$ 144,671

Attachment: None.

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-2.61	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to the response to AGDG-1.37. It is not clear how your arrived at the unauthorized volumes. Please provide the calculations in Excel with formulas intact for the unauthorized usage per month for each customer.

Answer: Please see attachment labeled U-20817 AGDG 2.61 Feb '21 Unauthorized Detail

Attachment: U-20817 AGDG 2.61 Feb '21 Unauthorized Detail

2021 February-Use Invoices

MPSC Case No.: U-20817
Question No.: AGDG-2.61
Respondent: B. Leiter
Page: 1 of 1

Below table keeps units on Ccf's to make calculations easier to follow

$13.6350 *per Ccf Unauthorized Gas Cost*

Customer Name	Allowed 3% withdrawal based on ACQ (Ccf)	Quantity actually withdrawn from storage (Ccf)	Unauthorized-CCF	% Unauthorized	Rounded Unauthorized CCF	$1/Ccf Penalty	Penalty Gas Cost @ $13.635/Ccf	Total Penalty
Customer 1	37,507	52,850	15,343.6	41%	15,344	$ 15,344	$ 209,215	$ 224,559
Customer 2	31,422	32,782	1,359.7	4%	1,360	$ 1,360	$ 18,544	$ 19,904
Customer 3	22,046	35,277	13,230.9	60%	13,231	$ 13,231	$ 180,405	$ 193,636
Customer 4	38,649	45,503	6,853.9	18%	6,854	$ 6,854	$ 93,454	$ 100,308
Customer 5	9,655	13,457	3,802.1	39%	3,802	$ 3,802	$ 51,840	$ 55,642
Customer 6	7,713	10,878	3,165.1	41%	3,165	$ 3,165	$ 43,155	$ 46,320

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-1.41e
Respondent: B. Leiter
Page: 1 of 1

Question: Refer to lines 2-22 on page 10 of Mr. Leiter's direct testimony. Please:

e. For the school that had increased gas consumption and the gas delivery nominations were increased to a level comparable to the 2014 polar vortex – how could a gas supply shortage occur when weather and gas demand during the period in mid- February 2021 did not reach the low temperatures of the 2014 polar vortex? Did something else occur here?

Answer: Once the Company knew of the penalty situation and held initial discussions with the customer, DTE sent technicians to investigate the school meters and verified they were in fact operating properly. The root cause at the school was never determined, but it was suspected the school equipment ran much harder during that time possibly due to a temporary equipment issue.

Attachment: None.

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-4.81	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to the attachment to the response to AGDG-2.61. From the information provided, it is apparent that four of the six customers had unauthorized usage that was 39% to 60% in excess of the 3% allowed withdrawal volume, and the other two customers had unauthorized usage of 4% and 18% above the limit. Such large variances indicate a non- existent or ineffective procedure to monitor compliance with the 3% withdrawal limit. How does the Company ensure there is an effective procedure in place to monitor compliance with the 3% limit? Does the Company offer any assistance to customers in this regard?

Answer: When a customer voluntarily decides to participate in the End Use Transportation program, they sign a contract binding them to the rules outlined in Section E of the DTE Gas Rate Book. The 3% monthly storage withdrawal rule effective December through March, which is most relevant to this issue, is clearly defined in Section E14, under the Load Balancing and Storage Charges section. It is also noted in page 2 of 2 of the DTE Gas Rate Card. It is the customer's obligation to follow all EUT rules while they remain an EUT customer, or they can always opt to return to GCR service at the end of their contract term. DTE does not monitor compliance with the monthly 3% withdrawal limitation during any month as the limitation is based on month-end results. It is the customer's responsibility to monitor and balance their consumption throughout the month with nominations and remain in compliance per the Rate Book. If a customer is new to the EUT program, DTE's Account Managers provide assistance by going through the rules surrounding the program and providing a list of gas brokers licensed with the MPSC, but again, it remains the customer's responsibility to remain compliant.

Attachment: None.

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-2.66
Respondent: B. Leiter/Legal
Page: 1 of 1

Question: Refer to the response to AGDG-1.39c. Please provide the name of each gas broker and the number of years it has operated in the DTE Gas service area and the number of years each customer with unauthorized usage has been with the same broker.

Answer: DTE Gas objects to this request for the reason that the information requested is not relevant, nor is it reasonably calculated to lead to the discovery of admissible evidence. Further, DTE Gas objects to the extent the information requested consists of confidential, proprietary, research and development of trade secrets, or commercial information, the disclosure of which would cause DTE Gas, its ratepayers, and its customers competitive harm. Without waiving said objections and subject thereto. Access to the names of the five gas brokers will be provided upon receipt of a Nondisclosure Certificate acknowledging the terms and restrictions of the Protective Order issued in this matter. Answering further, DTE Gas does not have any of the other information requested.

Refer to confidential attachment labeled NDA U-20817 AGDG-2.66 Feb '21 Unauthorized Customer Gas Brokers

Attachment: NDA U-20817 AGDG-2.66 Feb '21 Unauthorized Customer Gas Brokers.

MPSC Case No: U-20817
Requester: AG
Question No.: AGDG-2.64a
Respondent: B. Leiter
Page: 1 of 1

Question: Refer to the response to AGDG-1.38d. Please:

a. Provide the daily nominations for each customer for the months when unauthorized usage occurred.

Answer: See attachment labeled U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Attachment: U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter
Page: 1 of 6

Customer 1

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	1,997	2,120
May-	2020	569	600
Jun-	2020	45	47
Jul-	2020	26	28
Aug-	2020	51	53
Sep-	2020	57	60
Oct-	2020	805	847
Nov-	2020	1,732	1,827
Dec-	2020	3,017	3,183
Jan-	2021	2,880	3,035
Feb-	2021	5,285	5,550
Mar-	2021	3,924	4,123
Apr-	2021	1,784	1,873
May-	2021	1,035	1,085
Jun-	2021	546	581
Jul-	2021	702	736
Aug-	2021	436	458
Sep-	2021	485	510
Oct-	2021	801	840
Nov-	2021	2,950	3,094
Dec-	2021	13,268	13,946
Jan-	2022	20,520	21,530
Feb-	2022	21,359	22,424
Mar-	2022	23,671	24,938

February 2021 Nominations - Customer Did Not Nominate

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021											
02/02/2021											
02/03/2021											
02/04/2021											
02/05/2021											
02/06/2021											
02/07/2021											
02/08/2021											
02/09/2021											
02/10/2021											
02/11/2021											
02/12/2021											
02/13/2021											
02/14/2021											
02/15/2021											
02/16/2021											
02/17/2021											
02/18/2021											
02/19/2021											
02/20/2021											
02/21/2021											
02/22/2021											
02/23/2021											
02/24/2021											
02/25/2021											
02/26/2021											
02/27/2021											
02/28/2021											

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter
Page: 2 of 6

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Customer 2

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	8,548	9,075
May-	2020	8,977	9,467
Jun-	2020	8,614	9,086
Jul-	2020	8,920	9,410
Aug-	2020	7,971	8,367
Sep-	2020	9,393	9,897
Oct-	2020	8,321	8,756
Nov-	2020	9,716	10,244
Dec-	2020	8,839	9,324
Jan-	2021	9,581	10,097
Feb-	2021	9,850	10,344
Mar-	2021	9,916	10,420
Apr-	2021	8,477	8,902
May-	2021	6,647	6,971
Jun-	2021	7,122	7,583
Jul-	2021	7,564	7,928
Aug-	2021	7,004	7,360
Sep-	2021	6,574	6,913
Oct-	2021	6,918	7,259
Nov-	2021	6,905	7,241
Dec-	2021	8,309	8,734
Jan-	2022	9,878	10,364
Feb-	2022	7,712	8,096
Mar-	2022	7,628	8,036

February 2021 Nominations

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021			250	250	250	0	0	0	250	250	250
02/02/2021			250	250	250	0	0	0	250	250	250
02/03/2021			250	250	250	0	0	0	250	250	250
02/04/2021			250	250	250	0	0	0	250	250	250
02/05/2021			250	250	250	0	0	0	250	250	250
02/06/2021			250	250	250	0	0	0	250	250	250
02/07/2021			250	250	250	0	0	0	250	250	250
02/08/2021			250	250	250	0	0	0	250	250	250
02/09/2021			250	250	250	0	0	0	250	250	250
02/10/2021			250	250	250	0	0	0	250	250	250
02/11/2021			250	250	250	0	0	0	250	250	250
02/12/2021			250	250	250	0	0	0	250	250	250
02/13/2021			250	250	250	0	0	0	250	250	250
02/14/2021			250	250	250	0	0	0	250	250	250
02/15/2021			250	250	250	0	0	0	250	250	250
02/16/2021			250	250	250	0	0	0	250	250	250
02/17/2021			250	250	250	0	0	0	250	250	250
02/18/2021			250	250	250	0	0	0	250	250	250
02/19/2021			250	250	250	0	0	0	250	250	250
02/20/2021			250	250	250	0	0	0	250	250	250
02/21/2021			250	250	250	0	0	0	250	250	250
02/22/2021			250	250	250	0	0	0	250	250	250
02/23/2021			250	250	250	0	0	0	250	250	250
02/24/2021			250	250	250	0	0	0	250	250	250
02/25/2021			250	250	250	0	0	0	250	250	250
02/26/2021			250	250	250	0	0	0	250	250	250
02/27/2021			250	250	250	0	0	0	250	250	250
02/28/2021			250	250	250	0	0	0	250	250	250
Total			**7,000**	**7,000**	**7,000**	**0**	**0**	**0**	**7,000**	**7,000**	**7,000**

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter
Page: 3 of 6

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Customer 3

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	5,932	6,298
May-	2020	2,201	2,321
Jun-	2020	335	353
Jul-	2020	373	393
Aug-	2020	341	358
Sep-	2020	1,314	1,385
Oct-	2020	5,225	5,498
Nov-	2020	8,339	8,792
Dec-	2020	11,705	12,348
Jan-	2021	15,677	16,521
Feb-	2021	20,043	21,050
Mar-	2021	10,080	10,592
Apr-	2021	5,517	5,794
May-	2021	3,261	3,419
Jun-	2021	426	453
Jul-	2021	316	332
Aug-	2021	371	390
Sep-	2021	502	528
Oct-	2021	2,276	2,388
Nov-	2021	8,793	9,221
Dec-	2021	11,619	12,213
Jan-	2022	18,407	19,313
Feb-	2022	17,693	18,575
Mar-	2022	12,379	13,041

February 2021 Nominations

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021			536	536	536	0	0	0	536	536	536
02/02/2021			536	536	536	0	0	0	536	536	536
02/03/2021			536	536	536	0	0	0	536	536	536
02/04/2021			676	676	676	0	0	0	676	676	676
02/05/2021			676	676	676	0	0	0	676	676	676
02/06/2021			536	536	536	0	0	0	536	536	536
02/07/2021			536	536	536	0	0	0	536	536	536
02/08/2021			536	536	536	0	0	0	536	536	536
02/09/2021			605	605	605	0	0	0	605	605	605
02/10/2021			630	630	630	0	0	0	630	630	630
02/11/2021			630	630	630	0	0	0	630	630	630
02/12/2021			630	630	630	0	0	0	630	630	630
02/13/2021			630	630	630	0	0	0	630	630	630
02/14/2021			630	630	630	0	0	0	630	630	630
02/15/2021			630	630	630	0	0	0	630	630	630
02/16/2021			630	630	630	0	0	0	630	630	630
02/17/2021			630	630	630	0	0	0	630	630	630
02/18/2021			630	630	630	0	0	0	630	630	630
02/19/2021			630	630	630	0	0	0	630	630	630
02/20/2021			680	680	680	0	0	0	680	680	680
02/21/2021			680	680	680	0	0	0	680	680	680
02/22/2021			680	680	680	0	0	0	680	680	680
02/23/2021			680	680	680	0	0	0	680	680	680
02/24/2021			680	680	680	0	0	0	680	680	680
02/25/2021			680	680	680	0	0	0	680	680	680
02/26/2021			680	680	680	0	0	0	680	680	680
02/27/2021			680	680	680	0	0	0	680	680	680
02/28/2021			680	680	680	0	0	0	680	680	680
Total			**17,593**	**17,593**	**17,593**	**0**	**0**	**0**	**17,593**	**17,593**	**17,593**

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter
Page: 4 of 6

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Customer 4

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	14,027	14,891
May-	2020	7,376	7,778
Jun-	2020	14,616	15,418
Jul-	2020	9,811	10,349
Aug-	2020	12,542	13,166
Sep-	2020	13,900	14,646
Oct-	2020	13,688	14,403
Nov-	2020	14,754	15,557
Dec-	2020	16,260	17,153
Jan-	2021	17,161	18,086
Feb-	2021	18,641	19,577
Mar-	2021	19,372	20,357
Apr-	2021	14,266	14,981
May-	2021	11,242	11,790
Jun-	2021	12,056	12,837
Jul-	2021	7,466	7,825
Aug-	2021	12,003	12,614
Sep-	2021	13,071	13,744
Oct-	2021	12,785	13,415
Nov-	2021	16,124	16,910
Dec-	2021	14,288	15,018
Jan-	2022	19,312	20,263
Feb-	2022	21,186	22,242
Mar-	2022	19,617	20,667

February 2021 Nominations

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021			537	537	537	0	0	0	537	537	537
02/02/2021			537	537	537	0	0	0	537	537	537
02/03/2021			536	536	536	0	0	0	536	536	536
02/04/2021			536	536	536	0	0	0	536	536	536
02/05/2021			536	536	536	0	0	0	536	536	536
02/06/2021			536	536	536	0	0	0	536	536	536
02/07/2021			536	536	536	0	0	0	536	536	536
02/08/2021			536	536	536	0	0	0	536	536	536
02/09/2021			536	536	536	0	0	0	536	536	536
02/10/2021			536	536	536	0	0	0	536	536	536
02/11/2021			536	536	536	0	0	0	536	536	536
02/12/2021			536	536	536	0	0	0	536	536	536
02/13/2021			536	536	536	0	0	0	536	536	536
02/14/2021			536	536	536	0	0	0	536	536	536
02/15/2021			536	536	536	0	0	0	536	536	536
02/16/2021			536	536	536	0	0	0	536	536	536
02/17/2021			536	536	536	0	0	0	536	536	536
02/18/2021			536	536	536	0	0	0	536	536	536
02/19/2021			536	536	536	0	0	0	536	536	536
02/20/2021			536	536	536	0	0	0	536	536	536
02/21/2021			536	536	536	0	0	0	536	536	536
02/22/2021			536	536	536	0	0	0	536	536	536
02/23/2021			536	536	536	0	0	0	536	536	536
02/24/2021			536	536	536	0	0	0	536	536	536
02/25/2021			536	536	536	0	0	0	536	536	536
02/26/2021			536	536	536	0	0	0	536	536	536
02/27/2021			536	536	536	0	0	0	536	536	536
02/28/2021			536	536	536	0	0	0	536	536	536
Total			**15,010**	**15,010**	**15,010**	**0**	**0**	**0**	**15,010**	**15,010**	**15,010**

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Customer 5

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	1,934	2,054
May-	2020	1,144	1,206
Jun-	2020	418	441
Jul-	2020	68	72
Aug-	2020	193	202
Sep-	2020	902	950
Oct-	2020	2,668	2,807
Nov-	2020	2,491	2,627
Dec-	2020	4,902	5,171
Jan-	2021	5,212	5,493
Feb-	2021	6,910	7,257
Mar-	2021	4,049	4,255
Apr-	2021	2,598	2,728
May-	2021	1,423	1,493
Jun-	2021	573	610
Jul-	2021	153	160
Aug-	2021	124	131
Sep-	2021	619	651
Oct-	2021	1,359	1,425
Nov-	2021	4,371	4,584
Dec-	2021	4,784	5,028
Jan-	2022	7,018	7,363
Feb-	2022	6,372	6,689
Mar-	2022	5,966	6,285

February 2021 Nominations

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021			212	212	212	0	0	0	212	212	212
02/02/2021			212	212	212	0	0	0	212	212	212
02/03/2021			212	212	212	0	0	0	212	212	212
02/04/2021			212	212	212	0	0	0	212	212	212
02/05/2021			212	212	212	0	0	0	212	212	212
02/06/2021			212	212	212	0	0	0	212	212	212
02/07/2021			212	212	212	0	0	0	212	212	212
02/08/2021			212	212	212	0	0	0	212	212	212
02/09/2021			212	212	212	0	0	0	212	212	212
02/10/2021			212	212	212	0	0	0	212	212	212
02/11/2021			212	212	212	0	0	0	212	212	212
02/12/2021			212	212	212	0	0	0	212	212	212
02/13/2021			212	212	212	0	0	0	212	212	212
02/14/2021			212	212	212	0	0	0	212	212	212
02/15/2021			212	212	212	0	0	0	212	212	212
02/16/2021			212	212	212	0	0	0	212	212	212
02/17/2021			212	212	212	0	0	0	212	212	212
02/18/2021			212	212	212	0	0	0	212	212	212
02/19/2021			212	212	212	0	0	0	212	212	212
02/20/2021			212	212	212	0	0	0	212	212	212
02/21/2021			212	212	212	0	0	0	212	212	212
02/22/2021			212	212	212	0	0	0	212	212	212
02/23/2021			212	212	212	0	0	0	212	212	212
02/24/2021			212	212	212	0	0	0	212	212	212
02/25/2021			212	212	212	0	0	0	212	212	212
02/26/2021			212	212	212	0	0	0	212	212	212
02/27/2021			212	212	212	0	0	0	212	212	212
02/28/2021			203	203	203	0	0	0	203	203	203
Total			**5,927**	**5,927**	**5,927**	**0**	**0**	**0**	**5,927**	**5,927**	**5,927**

MPSC Case No.: U-20817
Question No.: AGDG-2.64A,C
Respondent: B. Leiter

U-20817 AGDG-2.64 Customer Nomination and 24 Monthly Consumption

Customer 6

24-Month Consumption (Ended March 2022)

Month	Year	MCF Volume	DTH
Apr-	2020	1,497	1,589
May-	2020	673	709
Jun-	2020	905	955
Jul-	2020	104	110
Aug-	2020	166	174
Sep-	2020	478	504
Oct-	2020	1,761	1,853
Nov-	2020	2,826	2,980
Dec-	2020	4,761	5,022
Jan-	2021	5,110	5,385
Feb-	2021	6,140	6,448
Mar-	2021	3,680	3,867
Apr-	2021	2,496	2,621
May-	2021	1,187	1,245
Jun-	2021	218	232
Jul-	2021	138	145
Aug-	2021	89	93
Sep-	2021	341	359
Oct-	2021	996	1,045
Nov-	2021	3,338	3,501
Dec-	2021	4,358	4,581
Jan-		6,599	6,923
Feb-		5,485	5,758
Mar-		4,447	4,685

February 2021 Nominations

Gas Day	ACQ Qty	MDQ Qty	Nom	Sched	Alloc	Nom	Sched	Alloc	Nom	Sched	Alloc
02/01/2021			171	171	171	0	0	0	171	171	171
02/02/2021			171	171	171	0	0	0	171	171	171
02/03/2021			171	171	171	0	0	0	171	171	171
02/04/2021			171	171	171	0	0	0	171	171	171
02/05/2021			171	171	171	0	0	0	171	171	171
02/06/2021			171	171	171	0	0	0	171	171	171
02/07/2021			171	171	171	0	0	0	171	171	171
02/08/2021			171	171	171	0	0	0	171	171	171
02/09/2021			171	171	171	0	0	0	171	171	171
02/10/2021			171	171	171	0	0	0	171	171	171
02/11/2021			171	171	171	0	0	0	171	171	171
02/12/2021			171	171	171	0	0	0	171	171	171
02/13/2021			171	171	171	0	0	0	171	171	171
02/14/2021			171	171	171	0	0	0	171	171	171
02/15/2021			171	171	171	0	0	0	171	171	171
02/16/2021			171	171	171	0	0	0	171	171	171
02/17/2021			171	171	171	0	0	0	171	171	171
02/18/2021			225	225	225	0	0	0	225	225	225
02/19/2021			225	225	225	0	0	0	225	225	225
02/20/2021			225	225	225	0	0	0	225	225	225
02/21/2021			225	225	225	0	0	0	225	225	225
02/22/2021			225	225	225	0	0	0	225	225	225
02/23/2021			225	225	225	0	0	0	225	225	225
02/24/2021			225	225	225	0	0	0	225	225	225
02/25/2021			225	225	225	0	0	0	225	225	225
02/26/2021			225	225	225	0	0	0	225	225	225
02/27/2021			225	225	225	0	0	0	225	225	225
02/28/2021			225	225	225	0	0	0	225	225	225
Total			**5,382**	**5,382**	**5,382**	**0**	**0**	**0**	**5,382**	**5,382**	**5,382**

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-4.82a	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to the attachment to response AGDG-2.64a.

a. How often during the month are EUT customers allowed to change their nominations? Identify any limitations.

Answer: EUT customers, or their agents, are allowed to change their nominations any day during the month. There are also three intraday nomination windows where changes can be made for that same gas day.

Attachment: None.

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-1.41a	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to lines 2-22 on page 10 of Mr. Leiter's direct testimony. Please:

a. Explain who is responsible for monitoring that the customer is in compliance with the 3% storage withdrawal limitation and ensuring that sufficient gas is delivered to avoid violating that limitation.

Answer: DTE holds the EUT customer responsible to follow the rules of the rate book and keep their EUT accounts in balance.

Attachment: None.

MPSC Case No: U-20817	
Requester: AG	
Question No.: AGDG-4.83a	
Respondent: B. Leiter	
Page: 1 of 1	

Question: Refer to the response to AGDG-2.64.

a. Can EUT customers track their gas usage during the month by taking daily meter readings? Does the Company provide any instructions to EUT customers to this effect in order to avoid exceeding the 3% limit? If yes, explain and provide evidence.

Answer: Yes, customers can track their usage by monitoring their own gas meter reads at any point throughout the month. The standard recommendation verbally provided when a new EUT customer is being set up is to take weekly meter reads, share those with their gas broker, and then the broker modifies nominations accordingly. Obviously, any swings in consumption, whether driven by weather events or production spikes may warrant more frequent meter monitoring by the customer. It's completely up to the EUT customer how often they exchange information with their broker. In addition, the customer is pointed to the DTE Rate Book, specifically Section E, for rules on managing their EUT account.

Attachment: None.

MPSC Case No.:	U-20528
Requestor:	AG
Question No.:	AGDE-2.54a
Respondent:	K. A. Sosnick
Page:	1 of 1

Question: Refer to the first paragraph under Table 4 on page 13 of Exhibit A-42.

a. What regional delivery constraints are you referring to that are causing prices at MichCon and Dawn to increase at a higher rate?

Answer: The base case addresses known and measurable pipeline/capacity expansions for the Dawn and MichCon region. Without hypothesizing about future pipeline expansions of capacity (i.e. regional delivery constraints) the the report captures increasing prices in the Dawn and MichCon region.

Attachments: None.

MPSC Case No.:	U-20528
Requestor:	AG
Question No.:	AGDE-2.54b
Respondent:	K. A. Sosnick
Page:	1 of 1

Question: b. Refer to the first paragraph under Table 4 on page 13 of Exhibit A-42. Is this price spread a large contributing factor in the benefits or value of NEXUS that you have calculated? Explain your answer and quantify how much this spread contributes to the total value you have calculated.

Answer: DTE Electric objects for the reasons that the request is overly broad, seeks excessive detail, seeks confidential, proprietary research, or commercial information belonging to DTE Electric, the disclosure of which would cause DTE Electric and its customers competitive or commercial harm and is otherwise not reasonably calculated to lead to the discovery of admissible evidence. Subject to this objection and without waiver therof, the Company would answer as follows:

Please see Table 7 of Exhibit A-42 and NDA_U-20528 DMM-1.1 Exh-42 Confidential Workpapers for the benefits calculations. Dawn is not part of the benefits analysis.

Attachments: None.