

May 29, 2024

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

RE: MPSC Docket No. U-21291

Dear Ms. Felice:

Enclosed herewith for filing in the above-referenced matter, please find the *Rebuttal Testimony of Brian C. Collins on Behalf of Michigan Power LP* and *Certificate of Service*.

If you have any questions, please feel free to contact my office. Thank you.

Very truly yours,

**Fraser Trebilcock Davis & Dunlap, P.C.**



Jennifer Utter Heston

JUH/dah  
Enclosures  
cc: All counsel of record

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
DTE GAS COMPANY for authority	)	
to increase its rate schedules and rules	)	Case No. U-21291
governing the distribution and supply of	)	
natural gas, and for miscellaneous	)	
accounting authority.	)	
_____	)	

**EXHIBIT LIST OF MICHIGAN POWER LIMITED PARTNERSHIP**

- MPL-1 (BCC-1) Load Factor Calculation for the Projected Test Year Ending 9/30/2025 With and Without Rate XXLT
- MPL-2 (BCC-2) Summary of Projected Test Year Ending 09/30/2025, Proposed Gas Revenue Increase, Peak Day Demand, Distribution Plant-Other Allocated Using Low-Pressure Distribution Usage for XXLT
- MPL-3 (BCC-3) Discovery Responses MPLPDG-1.1, 1.2 & 1.3
- MPL-4 (BCC-4) Summary of Projected Test Year Ending 09/30/2025, Proposed Gas Revenue Increase, 75% Demand and 25% Throughput, Distribution Plant-Other Allocated Using Low-Pressure Distribution Usage for XXLT
- MPL-5 (BCC-5) Summary of Projected Test Year Ending 09/30/2025, Proposed Gas Revenue Increase, Company Study Modified for Distribution Plant-Other Allocated Using Low-Pressure Distribution Usage for XXLT
- MPL-6 (BCC-6) Usage Characteristics by Customer Class for the Projected Test Year Ending 9/30/2025
- MPL-7 (BCC-7) Summary of Projected Test Year Ending 09/30/2025, Proposed Gas Revenue Increase, Staff Study
- MPL-8 (BCC-8) Calculation of the Projected Test Year Ending 09/30/2025, Current and Proposed Revenues by Rate Schedule, Transportation Service Rate ST, LT, XLT and XXLT, (\$000), Staff Study
- MPL-9 (BCC-9) Summary of Projected Test Year Ending 09/30/2025, Proposed Gas Revenue Increase, Staff Study with No Distribution Plant-Other Allocated to Rate XXLT



MPL-10 (BCC-10) Calculation of the Projected Test Year Ending 09/30/2025, Current and Proposed Revenues by Rate Schedule, Transportation Service Rate ST, LT, XLT and XXL, (\$000), Staff Study with No Distribution Plant-Other Allocated to Rate XXL

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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**In the matter of the application of  
DTE GAS COMPANY for authority  
to increase its rates, amend its  
rate schedules and rules  
governing the distribution and  
supply of natural gas, and for  
miscellaneous accounting  
authority**

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**Case No. U-21291**

Rebuttal Testimony and Exhibits of

**Brian C. Collins**

On behalf of

**Michigan Power LP**

May 29, 2024





1 **Overview**

2 **Q PLEASE PROVIDE AN OVERVIEW OF STAFF'S RATE INCREASE**  
3 **RECOMMENDATIONS.**

4 A Staff's filing has reduced DTE's overall \$265.5 million requested increase to  
5 \$175.7 million. On the basis of the \$175.7 million level, Staff's proposed increase to  
6 Rate XXLT is shown as \$9.2 million or 29.3%, as shown on Exhibit S-6, Schedule F2.  
7 This is in a sharp contrast to the DTE proposed increase to Rate XXLT of \$4.6 million  
8 or 14.7% based on the overall \$265.5 million revenue increase. Staff is proposing to  
9 drastically increase the revenue requirement burdon of the seven customers in the  
10 Rate XXLT class.

11 **Q IS STAFF'S PROPOSAL REASONABLE IN THIS CASE?**

12 A No. Staff's proposal is based on its so-called alternative (or Hi-Lo) cost of service study.  
13 Staff states that this study is to "inform rate design" but in actuality Staff is proposing to  
14 change the revenue responsibility of the largest transportation class and changes the  
15 results of the A&P study for the revenue responsibility of the largest transportation  
16 customers from the previously approved A&P study methodology.

17 **Staff's Proposal**

18 **Q DOES STAFF'S A&P COST OF SERVICE OVER-ALLOCATE COST TO RATE XXLT**  
19 **CUSTOMERS?**

20 A Yes. As I explained in my direct testimony, use of the A&P method erroneously  
21 allocates excess costs to high usage high load factor customers based on annual  
22 throughput and simply does not make sense. Customers that increase throughput and  
23 load factor are beneficial to DTE's gas system and do not increase the capacity cost of

1 facilities that are already in place to provide service. The A&P method is not reflective  
2 of cost causation. A system designed for average usage would be incapable of  
3 providing service to customers on colder than average days, which indicates the lack  
4 of intellectual and functional validity of the A&P method.

5 Despite this over-allocation to high usage high load factor customers, an  
6 examination of Staff's cost of service model includes a revenue distribution to classes  
7 based on previously approved methodology by DTE and Staff. Exhibit MPL-7 (BCC-7)  
8 is a cost based revenue distribution to classes, based on the Staff A&P study. The  
9 increase to Rate XXLT is shown as \$1.656 million or 5.29%.

10 **Q IS THE \$1.656 MILLION INCREASE THE FINAL INCREASE TO RATE XXLT**  
11 **PROPOSED BY STAFF?**

12 A No. Staff adds significantly more cost to Rate XXLT based on the Alternative 2 (Hi-Lo)  
13 study which is claimed to only "inform rate design." Informing the XXLT rate design  
14 resulted in changing the rate increase from \$1.656 million or 5.29% to \$9.164 million  
15 or 29.26% as shown on Staff witness Todd's Exhibit S-6.0, Schedule F-2. Staff adds  
16 a \$6.227 million rate design adjustment to the Rate XXLT revenue requirement based  
17 on the Alternative 2 (Hi-Lo) study.

18 **Q IS THE STAFF'S ADDITIONAL INCREASE TO RATE XXLT REASONABLE?**

19 A No. Staff's additional increase to Rate XXLT should be rejected for a number of  
20 reasons including the following.

- 21 1. The alternative study has not been approved for establishing class revenue  
22 requirements and it should not be approved in this case.
- 23 2. The alternative study has been provided with very minimal testimony by DTE or  
24 Staff and has not been adequately vetted for use. Issues concerning the validity of

- 1 loads needed for allocation factors were previously identified. No testimony  
2 concerning the correction of this issue has been presented in this case.
- 3 3. The alternative study is not in accord with approved or proposed rates.  
4 Transportation rates are based on usage, not service or pressure levels. To be fair  
5 to customers, rates should reflect cost of service. If cost of service is done by  
6 service level or pressure, rates should be based on pressure. They are not.
- 7 4. Staff's proposal is particularly egregious for transmission level (transmission  
8 metered) customers on Rate XXLT. These customers (three (3) out of seven (7)  
9 or 44% of class) will be blatantly overcharged by Staff's proposal. Staff argues that  
10 this 10 month rate case schedule does not provide enough time to establish  
11 corrected rates. Staff used that same argument in the previous DTE rate case.
- 12 5. It would be extremely unfair to use the time constraint argument again while  
13 overcharging the three transmission customers for distribution equipment, they do  
14 not use.
- 15 6. Rate XXLT was established to prevent bypass and has been successful in that  
16 regard. More study and better analysis is required prior to imposing an extra  
17 \$6.227 million on seven (7) customers, at least three (3) of which should obviously  
18 not receive the increase. An average of an approximately \$1 million inappropriate  
19 increase annually should not be allowed due to time constraints. A better approach  
20 is to do the rate design correctly prior to any unwarranted and unfair increase to  
21 customers.

22 **Q PLEASE EXPLAIN THE STAFF'S PROPOSAL WITH RESPECT TO THE RATE**  
23 **XXLT.**

24 **A** Staff employs the Alternative 2 (Hi-Lo) study to add Hi and Lo pressure distribution  
25 main cost to Rate XXLT because four (4) of the seven (7) customers use a portion of  
26 those costs. However, three (3) of the seven (7) customers are served from the  
27 transmission system and do not use the distribution system. Normally, high pressure  
28 customers of this size only use a radial line which is a limited amount of discrete  
29 distribution, and do not use the integrated system. Gross allocations based on usage  
30 generally over-allocate cost to these large customers. The data to study the discrete  
31 use of the system is usually confidential and should be done by Staff or DTE. This  
32 proposal by Staff is inadequate and certainly incorrect for the customers served at the

1 transmission level. This approach was endorsed by the NARUC subcommittee on gas  
2 as far back as November 1, 1985. As the preferred cost based approach to prevent  
3 bypass.

#### 4 **Recommendation**

##### 5 **Q WHAT DO YOU RECOMMEND?**

6 A I recommend that Staff's proposal be rejected for this case. Much more analysis is  
7 required and Staff again proposing a short-cut, harmful approach due to time  
8 constraints should not be allowed. Staff used the same time constraint argument in the  
9 last case in 2021. In that case, U-20940, Rate XXLT was increased by \$6.3 million or  
10 26.1% while the average overall increase was 3.6% and the overall transportation class  
11 increase was 14.1%, based on Attachment A to the final order. That excessive above  
12 average increase was based on an interim solution due to time constraints. Years have  
13 gone by and we urge the Commission to not allow the time constraint argument again.  
14 Customers on Rate XXLT would be harmed by an excessive increase under Staff's  
15 proposal.

16 If despite this serious shortcoming, the Commission adopts Staff's approach,  
17 then only the customers using the distribution system should pay the increased costs  
18 associated with the distribution allocation to Rate XXLT as proposed by Staff.  
19 Transmission level customers should at most pay the rate shown in the A&P study  
20 provided in Exhibit MPL-8 (BCC-8). The additional \$6.227 million imposed by Staff  
21 amounts to an additional 9.91 cents/Mcf based on the distribution volume of  
22 62,813,535 Mcf provided by DTE. This approach would coincide with the Staff's  
23 recommendation, but not overcharge the transmission customers on Rate XXLT.

1 Overcharging each of the transmission customers by approximately \$1 million per year  
2 is simply wrong and should not be allowed.

3 **Q DOES MPL-8 (BCC-8) ADEQUATELY PROVIDE A COST BASED TRANSMISSION**  
4 **LEVEL RATE USING STAFF REVENUE REQUIREMENTS AND THE A&P STUDY?**

5 A No, two enhancements are required. First, Staff used the rate adjustments developed  
6 by DTE for establishing break-even usage levels. Updating the break-even usage  
7 analysis decreases the Rate XXLT rate increase to approximately zero. Second,  
8 distribution other remains in the XXLT class and for only transmission customers,  
9 distribution other should be removed.

10 The correct Rate XXLT for transmission level service is shown on Exhibit MPL-9  
11 (BCC-9) and a rate decrease is required. The associated rate design is provided on  
12 Exhibit MPL-10 (BCC-10). Distribution level customers should either be excluded from  
13 the rate or pay a distribution cost surcharge of 16.54 cents per Mcf.

14 **Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

15 A Yes, it does.

**Qualifications of Brian C. Collins**

1   **Q    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A    Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140,  
3        Chesterfield, MO 63017.

4   **Q    WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

5   A    I am a consultant in the field of public utility regulation and a Managing Principal with  
6        the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory  
7        consultants.

8   **Q    PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK  
9        EXPERIENCE.**

10  A    I graduated from Southern Illinois University Carbondale with a Bachelor of Science  
11        degree in Electrical Engineering. I also graduated from the University of Illinois at  
12        Springfield with a Master of Business Administration degree. Prior to joining BAI, I was  
13        employed by the Illinois Commerce Commission and City Water Light & Power  
14        ("CWLP") in Springfield, Illinois.

15           My responsibilities at the Illinois Commerce Commission included the review of  
16        the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the  
17        Commission as well as the review of utilities' requests for certificates of public  
18        convenience and necessity for new electric transmission lines. My responsibilities at  
19        CWLP included generation and transmission system planning. While at CWLP, I  
20        completed several thermal and voltage studies in support of CWLP's operating and  
21        planning decisions. I also performed duties for CWLP's Operations Department,  
22        including calculating CWLP's monthly cost of production. I also determined CWLP's

1 allocation of wholesale purchased power costs to retail and wholesale customers for  
2 use in the monthly fuel adjustment.

3 In June 2001, I joined BAI as a Consultant. Since that time, I have participated  
4 in the analysis of various utility rate and other matters in several states and before the  
5 Federal Energy Regulatory Commission (“FERC”). I have filed or presented testimony  
6 before the Arkansas Public Service Commission, the California Public Utilities  
7 Commission, the Colorado Public Utilities Commission, the Delaware Public Service  
8 Commission, the Public Service Commission of the District of Columbia, the Florida  
9 Public Service Commission, the Georgia Public Service Commission, the Guam Public  
10 Utilities Commission, the Idaho Public Utilities Commission, the Illinois Commerce  
11 Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service  
12 Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities  
13 Commission, the Mississippi Public Service Commission, the Missouri Public Service  
14 Commission, the Montana Public Service Commission, the North Carolina Utilities  
15 Commission, the North Dakota Public Service Commission, the Public Utilities  
16 Commission of Ohio, the Oklahoma Corporation Commission, the Oregon Public Utility  
17 Commission, the Rhode Island Public Utilities Commission, the Public Service  
18 Commission of Utah, the Virginia State Corporation Commission, the Washington  
19 Utilities and Transportation Commission, the Public Service Commission of Wisconsin,  
20 and the Wyoming Public Service Commission. I have also assisted in the analysis of  
21 transmission line routes proposed in certificate of convenience and necessity  
22 proceedings before the Public Utility Commission of Texas.

23 In 2009, I completed the University of Wisconsin – Madison High Voltage Direct  
24 Current (“HVDC”) Transmission Course for Planners that was sponsored by the  
25 Midwest Independent Transmission System Operator, Inc. (“MISO”).

1           BAI was formed in April 1995. BAI and its predecessor firm have participated  
2 in more than 1,000 regulatory proceedings in forty states and Canada.

3           BAI provides consulting services in the economic, technical, accounting, and  
4 financial aspects of public utility rates and in the acquisition of utility and energy  
5 services through RFPs and negotiations, in both regulated and unregulated markets.  
6 Our clients include large industrial and institutional customers, some utilities and, on  
7 occasion, state regulatory agencies. We also prepare special studies and reports,  
8 forecasts, surveys and siting studies, and present seminars on utility-related issues.

9           In general, we are engaged in energy and regulatory consulting, economic  
10 analysis and contract negotiation. In addition to our main office in St. Louis, the firm  
11 also has branch offices in Corpus Christi, Texas; Louisville, Kentucky and Phoenix,  
12 Arizona.

Rebuttal Testimony of BCC (U-21291)

# **EXHIBIT MPL- 7 (BCC-7)**

Michigan Public Service Commission  
DTE Gas Company  
Summary of Projected Test Year Ending 09/30/2025  
Proposed Gas Revenue Increase  
**Staff Study**

Line No.	(a) Rate Class	(b) Test Year MMcf	(c) Annual Operating Revenues (\$000) Test Year		(e) Increase / (Decrease) Revenues (\$000)	(f) Percent
			Current (1)	Proposed (2)		
<b>Residential</b>						
1	Rate A	112,464	1,154,404	1,201,301	46,897	4.06%
2	Rate 2A	<u>4,027</u>	<u>36,366</u>	<u>37,109</u>	<u>742</u>	2.04%
3	Total Residential Services	116,492	1,190,770	1,238,410	47,639	4.00%
<b>General Services</b>						
4	GS-1/GS-2	40,985	364,227	376,171	11,943	3.28%
5						
<b>School</b>						
6	Rate S	<u>1,600</u>	<u>10,898</u>	<u>10,621</u>	<u>(277)</u>	-2.54%
7	Subtotal Gas Sales Revenues	<u>159,077</u>	<u>1,565,896</u>	<u>1,625,202</u>	<u>59,306</u>	3.79%
<b>Transportation</b>						
8	Rate ST	17,061	46,063	49,241	3,178	6.90%
9	Rate LT	19,248	30,967	30,413	(555)	-1.79%
10	Rate XLT	29,772	29,299	29,628	329	1.12%
11	Rate XXLT	84,653	31,324	32,979	1,656	5.29%
12	Exelon	<u>12,036</u>	<u>13,145</u>	<u>19,324</u>	<u>6,179</u>	47.01%
13	Total Transportation Services	<u>162,770</u>	<u>150,798</u>	<u>161,585</u>	<u>10,787</u>	7.15%
14	<b>Total</b>	321,847	1,716,694	1,786,786	70,093	4.08%
15	Less: GCR Revenues (included above)		618,473	618,473	-	
16	Less: Currently Approved IRM Surcharge Revenue (included above)		126,295	-	(126,295)	
17	Less: 2025 IRM Surcharge Revenue (included above)		<u>-</u>	<u>20,668</u>	<u>20,668</u>	
18	Base Revenues		<u>971,926</u>	<u>1,147,645</u>	<u>175,720</u>	18.08%

(1) Projected test year billing determinants at the current base rates including IRM Revenue using projected test year billing determinants at the IRM rate approved in U-20940 for all rate schedules and GCR revenues using projected test year billing determinants at the projected cost of gas sold of \$4.381/Mcf (Exhibit A-13, Schedule C4) for the sales rate schedules.

(2) Projected test year billing determinants at the proposed rates including IRM Revenue using projected test year billing determinants at the 2025 IRM rate proposed on Exhibit A-18, Schedule H4 for all rate schedules and GCR revenues using projected test year billing determinants at the projected cost of gas sold of \$4.381/Mcf (Exhibit A-13, Schedule C4) for the sales rate schedules.

Sources: Exhibit A-16 Sch. F3, Exhibit A-18, Sch. H4, & WP TJK-11

# **EXHIBIT MPL- 8 (BCC-8)**

Michigan Public Service Commission  
 DTE Gas Company  
 Calculation of the Projected Test Year Ending 09/30/2025  
 Current and Proposed Revenues by Rate Schedule  
 Transportation Service Rate ST, LT, XLT and XXLT  
 (\$000)  
**Staff Study**

Line No.	(a) Description	(b) Customers/ MMcf	(c) Current Rate	(d) Pro Forma Revenue	(e) Proposed Rate	(f) Proposed Revenue	(g) Proposed Revenue Increase/(Decrease)		(h)
							Amount	Percent	
<b>Customer Charge</b>									
1	Rate Schedule ST	433	\$ 2,780	\$ 14,445	3,300	\$ 17,147	\$ 2,702	18.71%	
2	Rate Schedule LT	85	6,780	6,916	9,100	9,282	2,366	34.22%	
3	Rate Schedule XLT	20	17,250	4,140	20,000	4,800	660	15.94%	
4	Rate Schedule XXLT	7	169,835	14,266	230,000	19,320	5,054	35.43%	
5	<b>Total Customer Charges</b>	<b>545</b>		<b>\$ 39,767</b>		<b>\$ 50,549</b>	<b>\$ 10,782</b>	<b>27.11%</b>	
<b>Distribution Charges</b>									
6	Rate Schedule ST	17,061	\$ 1.4906	\$ 25,431	\$ 1.8236	\$ 31,111	\$ 5,681	22.34%	
7	Rate Schedule LT	19,248	0.9427	18,145	1.0490	20,191	2,046	11.27%	
8	Rate Schedule XLT	29,772	0.7060	21,019	0.7908	23,544	2,525	12.01%	
10	Rate Schedule XXLT	84,653	0.1933	16,363	0.1589	13,454	(2,909)	-17.78%	
12	<b>Total Distribution Charges</b>	<b>150,734</b>		<b>\$ 80,959</b>		<b>\$ 88,300</b>	<b>\$ 7,342</b>	<b>9.07%</b>	
13	<b>Total ST, LT, XLT and XXLT</b>			<b>\$ 120,725</b>		<b>\$ 138,849</b>	<b>\$ 18,124</b>	<b>15.01%</b>	
<b>Calculation of Transportation Rates:</b>									
							Rev Req: EUT	\$ 138,947	
14	<b>Rate Schedule:</b>	<b>ST</b>	<b>LT</b>	<b>XLT</b>	<b>XXLT</b>		Rounding		
14	Revenue Req Per COSS	\$ 35,911	\$ 29,094	\$ 39,153	\$ 34,790		Remote Meter	\$ (97)	
15	Discount						Rate Design Adjustment	0	
16	Rate Design Adjustment	12,368	392	(10,760)	(2,000)		Adj Rev Req	\$ 138,849	
17	Target Revenue	\$ 48,278	\$ 29,485	\$ 28,393	\$ 32,790		Revenues	\$ 138,849	
18	Less Remote Meter Fees	20.3	12.3	49.2	15.6		Difference	\$ 0	
19	Less Customers Charges	17,147	9,282	4,800	19,320				
20	Distribution Revenue	\$ 31,111	\$ 20,191	\$ 23,544	\$ 13,454				
21	Divided by Throughput	17,061	19,248	29,772	84,653				
22	<b>Transportation Rate (\$/Mcf)</b>	<b>\$ 1.8236</b>	<b>\$ 1.0490</b>	<b>\$ 0.7908</b>	<b>\$ 0.1589</b>				
23	Average Cost Per Mcf	\$ 2.8298	\$ 1.5318	\$ 0.9537	\$ 0.3873				
24	<b>Proposed Customer Charge:</b>	<b>\$ 3,300</b>	<b>\$ 9,100</b>	<b>\$ 20,000</b>	<b>\$ 230,000</b>				
25	Year 1 IRM Charge 2025	\$ 189.18	\$ 921.04	\$ 5,349.26	\$ 2,443.58				
<b>Breakeven Analysis</b>									
		<b>ST vs. LT</b>		<b>LT vs. XLT</b>		<b>XLT vs. XXLT</b>			
26	Annual Fixed Charges - ST	\$ 41,870	LT	\$ 120,253	XLT	\$ 304,191			
27	Annual Fixed Charges - LT	\$ 120,253	XLT	\$ 304,191	XXLT	\$ 2,789,323			
28	Annual Fixed Cost Differential	\$ 78,382		\$ 183,939		\$ 2,485,132			
29	Variable Rate Differential	\$ 0.7746		\$ 0.2582		\$ 0.6319			
30	<b>Annual Break Even (Mcf)</b>	<b>101,191</b>		<b>712,462</b>		<b>3,933,000</b>			

Source: Exh. A-16, Sch. F1.1 (Rev Req); TJK-1 (Volumes); TJK-2 (Customers); Exh. A-18, Sch. H4 (IRM)

# **EXHIBIT MPL-9 (BCC-9)**

**Michigan Public Service Commission**  
**DTE Gas Company**  
**Summary of Projected Test Year Ending 09/30/2025**  
**Proposed Gas Revenue Increase**  
**Staff Study with No Distribution Plant-Other Allocated to Rate XXLT**

Line No.	(a) Rate Class	(b) Test Year MMcf	(c) Annual Operating Revenues (\$000) Test Year		(e) Increase / (Decrease) Revenues (\$000)	(f) Percent
			Current (1)	Proposed (2)		
<b><u>Residential</u></b>						
1	Rate A	112,464	1,154,404	1,203,500	49,096	4.25%
2	Rate 2A	<u>4,027</u>	<u>36,366</u>	<u>37,187</u>	<u>821</u>	2.26%
3	Total Residential Services	116,492	1,190,770	1,240,687	49,917	4.19%
<b><u>General Services</u></b>						
4	GS-1/GS-2	40,985	364,227	376,978	12,751	3.50%
5						
<b><u>School</u></b>						
6	Rate S	<u>1,600</u>	<u>10,898</u>	<u>10,659</u>	<u>(240)</u>	-2.20%
7	Subtotal Gas Sales Revenues	<u>159,077</u>	<u>1,565,896</u>	<u>1,628,324</u>	<u>62,428</u>	3.99%
<b><u>Transportation</u></b>						
8	Rate ST	17,061	46,063	49,352	3,289	7.14%
9	Rate LT	19,248	30,967	31,079	111	0.36%
10	Rate XLT	29,772	29,299	30,291	992	3.39%
11	Rate XXLT	84,653	31,324	28,248	(3,075)	-9.82%
12	Exelon	<u>12,036</u>	<u>13,145</u>	<u>19,492</u>	<u>6,347</u>	48.29%
13	Total Transportation Services	<u>162,770</u>	<u>150,798</u>	<u>158,463</u>	<u>7,665</u>	5.08%
14	<b>Total</b>	321,847	1,716,694	1,786,786	70,093	4.08%
15	Less: GCR Revenues (included above)		618,473	618,473	-	
16	Less: Currently Approved IRM Surcharge Revenue (included above)		126,295	-	(126,295)	
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18	Base Revenues		<u>971,926</u>	<u>1,147,645</u>	<u>175,720</u>	18.08%

(1) Projected test year billing determinants at the current base rates including IRM Revenue using projected test year billing determinants at the IRM rate approved in U-20940 for all rate schedules and GCR revenues using projected test year billing determinants at the projected cost of gas sold of \$4.381/Mcf (Exhibit A-13, Schedule C4) for the sales rate schedules.

(2) Projected test year billing determinants at the proposed rates including IRM Revenue using projected test year billing determinants at the 2025 IRM rate proposed on Exhibit A-18, Schedule H4 for all rate schedules and GCR revenues using projected test year billing determinants at the projected cost of gas sold of \$4.381/Mcf (Exhibit A-13, Schedule C4) for the sales rate schedules.

Sources: Exhibit A-16 Sch. F3, Exhibit A-18, Sch. H4, & WP TJK-11

# **EXHIBIT MPL-10 (BCC-10)**

Michigan Public Service Commission  
DTE Gas Company  
Calculation of the Projected Test Year Ending 09/30/2025  
Current and Proposed Revenues by Rate Schedule  
Transportation Service Rate ST, LT, XLT and XXL  
(\$000)

Staff Study with No Distribution Plant-Other Allocated to Rate XXL

Line No.	(a) Description	(b) Customers/ MMcf	(c) Current Rate	(d) Pro Forma Revenue	(e) Proposed Rate	(f) Proposed Revenue	(g) Proposed Revenue Increase/(Decrease) Amount	(h) Proposed Revenue Increase/(Decrease) Percent
<u>Customer Charge</u>								
1	Rate Schedule ST	433	\$ 2,780	\$ 14,445	3,300	\$ 17,147	\$ 2,702	18.71%
2	Rate Schedule LT	85	\$ 6,780	6,916	9,100	9,282	2,366	34.22%
3	Rate Schedule XLT	20	\$ 17,250	4,140	20,000	4,800	660	15.94%
4	Rate Schedule XXL	7	\$ 169,835	14,266	230,000	19,320	5,054	35.43%
5	Total Customer Charges	545		\$ 39,767		\$ 50,549	\$ 10,782	27.11%
<u>Distribution Charges</u>								
6	Rate Schedule ST	17,061	\$ 1.4906	\$ 25,431	\$ 1.8301	\$ 31,222	\$ 5,792	22.77%
7	Rate Schedule LT	19,248	\$ 0.9427	18,145	1.0836	20,857	2,712	14.94%
8	Rate Schedule XLT	29,772	\$ 0.7060	21,019	0.8131	24,207	3,188	15.17%
10	Rate Schedule XXL	84,653	\$ 0.1933	16,363	0.1030	8,723	(7,640)	-46.69%
12	Total Distribution Charges	150,734		\$ 80,959		\$ 85,010	\$ 4,052	5.00%
13	Total ST, LT, XLT and XXL			\$ 120,725		\$ 135,559	\$ 14,834	12.29%

**Calculation of Transportation Rates:**

Rate Schedule:	ST	LT	XLT	XXLT		
14 Revenue Req Per COSS	\$ 36,170	\$ 29,353	\$ 39,510	\$ 30,624	Rev Req: EUT	\$ 135,656
15 Discount					Rounding	\$ (97)
16 Rate Design Adjustment	12,219	799	(10,454)	(2,565)	Remote Meter	(0)
17 Target Revenue	\$ 48,390	\$ 30,152	\$ 29,057	\$ 28,059	Rate Design Adjustment	\$ 135,559
18 Less Remote Meter Fees	20.3	12.3	49.2	15.6	Adj Rev Req	\$ 135,559
19 Less Customers Charges	17,147	9,282	4,800	19,320	Revenues	\$ 135,559
20 Distribution Revenue	\$ 31,222	\$ 20,857	\$ 24,207	\$ 8,723	Difference	\$ (0)
21 Divided by Throughput	17,061	19,248	29,772	84,653		
22 <b>Transportation Rate (\$/Mcf)</b>	<b>\$ 1.8301</b>	<b>\$ 1.0836</b>	<b>\$ 0.8131</b>	<b>\$ 0.1030</b>		
23 Average Cost Per Mcf	\$ 2.8363	\$ 1.5664	\$ 0.9760	\$ 0.3315		
24 <b>Proposed Customer Charge:</b>	<b>\$ 3,300</b>	<b>\$ 9,100</b>	<b>\$ 20,000</b>	<b>\$ 230,000</b>		
25 Year 1 IRM Charge 2025	\$ 189.18	\$ 921.04	\$ 5,349.26	\$ 2,443.58		

Breakeven Analysis	ST vs. LT	LT vs. XLT	XLT vs. XXL
26 Annual Fixed Charges - ST	\$ 41,870	LT \$ 120,253	XLT \$ 304,191
27 Annual Fixed Charges - LT	\$ 120,253	XLT \$ 304,191	XXLT \$ 2,789,323
28 Annual Fixed Cost Differential	\$ 78,382	\$ 183,939	\$ 2,485,132
29 Variable Rate Differential	\$ 0.7465	\$ 0.2705	\$ 0.7100
30 <b>Annual Break Even (Mcf)</b>	<b>105,000</b>	<b>680,000</b>	<b>3,500,000</b>

Source: Exh. A-16, Sch. F1.1 (Rev Req); TJK-1 (Volumes); TJK-2 (Customers); Exh. A-18, Sch. H4 (IRM)

U-20940 / Tariff	<u>100,000</u>	<u>700,000</u>	<u>3,500,000</u>
	5,000	(20,000)	0

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )  
DTE GAS COMPANY for authority )  
to increase its rate schedules and rules ) Case No. U-21291  
governing the distribution and supply of )  
natural gas, and for miscellaneous )  
accounting authority. )  
\_\_\_\_\_ )

CERTIFICATE OF SERVICE

The undersigned certifies that, on the 29th day of May, 2024, a copy of the *Rebuttal Testimony of Brian C. Collins on Behalf of Michigan Power LP* in the above docket on the persons identified on the attached service list by electronic mail and filed it electronically with the Michigan Public Service Commission.

/s/Deborah A. Hefka  
Deborah A. Hefka



MPSC Case No. U-21291  
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