

July 12, 2024

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

Re: MPSC Case No. U-21490 – In the matter of the application of Consumers Energy Company for authority to increase its rates for the distribution of natural gas and for other relief.

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned case please find the **Settlement Agreement** which is intended to resolve all outstanding issues in this proceeding. The Settlement Agreement has been executed by Consumers Energy Company, Michigan Public Service Commission Staff, Attorney General Dana Nessel, Association of Businesses Advocating Tariff Equity, Lansing Board of Water & Light, Michigan State University, Energy Michigan, Inc., and Citizens Utility Board of Michigan.

Also included is the signature of the Retail Energy Supply Association who does not join the settlement but is offering a statement of non-objection.

This is a paperless filing and is therefore being filed only in a PDF format. I have also included a Proof of Service showing electronic service upon the parties.

Sincerely,

Anne M. Uitvlugt
Phone: 517-788-2112
Email: anne.uitvlugt@cmsenergy.com

cc: Parties per Attachment 1 to Proof of Service

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief.)
_____)

Case No. U-21490

SETTLEMENT AGREEMENT

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

WHEREAS, on December 15, 2023, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an Application requesting authority to increase its rates for the distribution of natural gas and other relief. The Company filed testimony and exhibits in support of its positions concurrently with its Application.

WHEREAS, the initial prehearing conference in this proceeding was held on January 12, 2024 before Administrative Law Judge Christopher Saunders. The parties to the case are Consumers Energy; the Commission Staff (“Staff”); the Attorney General of Michigan (“Attorney General”); the Association of Businesses Advocating Tariff Equity (“ABATE”); the Retail Energy Supply Association (“RESA”); Lansing Board of Water & Light (“LBWL”); Michigan State University (“MSU”); Energy Michigan, Inc (“Energy Michigan”); and Citizens Utility Board of Michigan (“CUB”).

WHEREAS, Consumers Energy filed testimony and exhibits requesting an increase in its natural gas rates of approximately \$136 million, with a customer credit of approximately \$14 million associated with the sale of the Company’s unregulated Home Energy Products

Program, for an adjusted total annual rate relief of \$122 million, and seeking various other forms of relief; and Staff and other intervening parties filed testimony and exhibits addressing various issues. In rebuttal testimony, Consumers Energy subsequently reduced its request to increase its natural gas rates to approximately \$113 million with a customer credit of approximately \$14 million for the unregulated Home Energy Products Program, for an adjusted total annual rate relief of \$99 million.

NOW THEREFORE, for purposes of settlement of Case No. U-21490, the undersigned parties agree as follows:

1. Consumers Energy should be authorized to increase its retail natural gas distribution rates so as to produce additional annual revenues in the amount of approximately \$35 million.

2. The above-referenced rate increase will be implemented using a rate design that is reflected in the rates shown on Attachment 1 to this Settlement Agreement, which should be approved by the Commission. Tariff sheets implementing the rate increase, shown on Attachment 1, are attached to this Settlement Agreement as Attachment 2 and should be approved by the Commission.

3. On a non-precedential basis, Consumers Energy's authorized rate of return on common equity is 9.9% and common equity ratio is 50.0%.

4. Consumers Energy sold its unregulated Home Energy Products Program to an unaffiliated third-party buyer. Under the purchase agreement, Consumers Energy received a net upfront gain of approximately \$110 million. The parties agree that Consumers Energy shall share 100% of the net upfront gain of approximately \$110 million with customers in the following manner, without interest. \$27.5 million, or one fourth of the net upfront gain, shall be used as an

offset to the revenue deficiency in lieu of additional rate relief during the test year. The remaining three fourths of the net upfront gain, approximately \$82.5 million, will be credited back to customers, through the Home Products Credit over a three-year period starting with the test year (October 1, 2024 through September 30, 2027). Additionally, Consumers Energy entered into a third-party contract, otherwise known as the Long-Term Service Agreement (“LTSA”), with the buyer, which will permit the continued offering of Home Energy Products services to customers. The proceeds from the LTSA, as included in this case, will also be provided back to customers through the Home Products Credit. With the exception the net upfront gain portion of the Home Products Credit, the LTSA portion of the Home Products Credit may be modified in future rate cases. The Home Products Credit in total is shown on Attachment 1 to this Settlement Agreement.

5. The Enhanced Infrastructure Replacement Program (“EIRP”) shall have a spend amount of \$215.3 million for the 12 months ending September 30, 2025. This would include steel pipe spending at \$3.8 million per mile and plastic pipe spending at Staff’s recommended cost per mile of main installed for each of the three regions of the Company: \$1,535,859 for the Southwest region, \$1,459,794 for the Northeast region, and \$1,503,818 for the Southeast region. The Company will continue to file its annual EIRP planning and performance reports. After the filing of the Company’s EIRP planning report, Consumers Energy will annually hold a technical conference in January for interested parties that will provide the engineering basis and support for the plastic and steel pipe projects selected in the EIRP planning report, which would include, but is not limited to, information on the pipe’s age, coating, diameter, pressure, state of cathodic protection, and any other decision criteria used by the Company to determine the plan for that calendar year.

6. In its next gas rate case filing, Consumers Energy will provide a cost-of-service study version that shows a more granular allocation of Other Distribution Plant and the impact of utilizing the Average and Excess allocation. The Average and Excess allocation factors used in the cost-of-service study should base excess demand on the difference between each class's maximum monthly throughput and its average demand.

7. In its next gas rate case filing, Consumers Energy will undertake two studies, with the participation and input of interested parties. The first study will examine the breakeven points and bringing the breakeven points and the customer charges closer to cost of service. The second study will provide a more detailed analysis of Federal Energy Regulatory Commission ("FERC") Account 378. Specifically, the study will: (1) Identify the costs in FERC Account 378 associated directly with measuring and regulator stations; (2) Identify, with as much granularity as available, all other costs contained in FERC Account 378; (3) Identify the total number of measuring and regulator stations in FERC Account 378 that regulate pressure from (a) high pressure mains to high pressure mains, (b) high pressure mains to non-high pressure mains, and (c) non-high pressure mains to non-high pressure mains; and (4) Provide an analysis, either based on existing costs or an estimate of building new assets, that would allow for the allocation of measuring and regulator station costs between high pressure and non-high pressure.

8. The parties agree that Staff has reviewed the Company's costs associated with the investigation and remediation of former Manufactured Gas Plants through December 31, 2023.

9. Commencing with the Commission's Order approving this Settlement Agreement, Consumers Energy will maintain the following customer charges:

| | |
|-------------|---------|
| Residential | \$15.00 |
| GS-1 | \$18.00 |

Tariff sheets implementing all the different customer charges are included in Attachment 2 and should be approved by the Commission.

10. Consumers Energy should be authorized to implement a Pension and Other Post-Employment Benefits (“OPEB”) Volatility Mechanism that authorizes the Company to compare actual Pension and OPEB expense to amounts included in rates, with any difference recorded as a regulatory asset or regulatory liability for future recovery from, or credit to, customers and would be amortized over 10 years starting the following January. In this case, the mechanism will defer for future recovery or refund Pension expense above or below (\$29,581,000) million and OPEB expense above or below (\$32,654,000) million beginning October 1, 2024.

11. In this proceeding, proposed non-rate changes were made to the Company’s natural gas tariffs. The proposals that have been agreed to by the parties are included in Attachment 2 to this Settlement Agreement. The parties agree that all the tariff sheets included as Attachment 2 to this Settlement Agreement are consistent with the foregoing provisions of this Settlement Agreement and should be approved by the Commission.

12. Prior to the date that new rates are effective, Consumers Energy will file tariff sheets substantially similar to these included as Attachment 2 and provide Staff with a finalized copy of the new Transmission Only Transportation Service Rate TOT Contract.

13. The parties agree that new rates will be effective October 1, 2024.

14. Except as otherwise expressly set forth in this Settlement Agreement, the parties agree that this Settlement Agreement does not reflect specific spending requirements for any

particular programs of the Company or include any specific disallowances or approvals related to amounts presented in Consumers Energy's December 15, 2023 filing in this case.

15. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this Settlement Agreement and the order approving it.

16. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-21490. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement with respect to issues resolved via this Settlement Agreement. The parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings or related appeals.

17. This Settlement Agreement is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement Agreement shall be deemed to be withdrawn, shall not constitute any


part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

18. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

19. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement if the Commission approves this Settlement Agreement without modification.

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

CONSUMERS ENERGY COMPANY

 Digitally signed by
Anne M. Uitvlugt
Date: 2024.07.05
10:08:11 -04'00'

By: _____

Dated: July 5, 2024

Bret A. Totoraitis (P72654)
Anne M. Uitvlugt (P71641)
Gary A. Gensch (P66912)
Spencer A. Sattler (P70524)
Attorneys for Consumers Energy Company
One Energy Plaza
Jackson, Michigan 49201

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: 

Dated: July 9, 2024

Daniel Sonneveldt, Esq. (P58222)
Amit T. Singh, Esq. (P75492)
Anna B. Stirling, Esq. (P84919)
Alena Clark, Esq. (P73252)
Assistant Attorneys General
Public Service Division
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

ATTORNEY GENERAL OF MICHIGAN

By: **Celeste R. Gill** Digitally signed by Celeste R. Gill
Date: 2024.07.09 16:26:30
-04'00'

Celeste R. Gill, Esq. (P52484)
Assistant Attorney General
Michigan Department of Attorney General
Special Litigation Division
Sixth Floor Williams Bldg.
525 W. Ottawa Street
P. O. Box 30755
Lansing, MI 48909

Dated: July 9, 2024

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

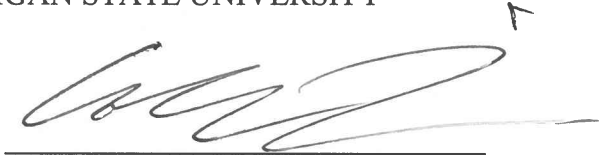
By: **Stephen
Campbell**
Stephen A. Campbell, Esq. (P76684)
Michael J. Pattwell, Esq. (P72419)
Clark Hill PLC
212 East Grand River Avenue
Lansing, MI 48906

Digitally signed by: Stephen
Campbell
DN: CN = Stephen Campbell email
= scampbell@clarkhill.com C = US
O = Clark Hill PLC
Date: 2024.07.12 11:25:09 -04'00'

Dated: July 12, 2024

LANSING BOARD OF WATER & LIGHT and
MICHIGAN STATE UNIVERSITY

By:



Nolan J. Moody, Esq. (P77959)
Cole V. Lussier, Esq. (P81686)
Dickinson Wright PLLC
123 W. Allegan Street, Suite 900
Lansing, MI 48933

Dated: July 11, 2024

CITIZENS UTILITY BOARD OF MICHIGAN



Digitally signed by Holly
Hilyer
Date: 2024.07.10 14:21:58
-04'00'

By:

Christopher M. Bzdok, Esq. (P53094)
Holly L. Hilyer, Esq. (P85318)
Troposphere Legal
420 East Front Street
Traverse City, MI 49686

Dated: July 10, 2024

ENERGY MICHIGAN, INC

By: **Timothy J. Lundgren** Digitally signed by
Timothy J. Lundgren
Date: 2024.07.10
14:09:42 -04'00'

Dated: July 10, 2024

Timothy J. Lundgren (P62807)
Justin K. Ooms (P82065)
Laura A. Chappelle (P42052)
Potomac Law Group, PLLC
120 N. Washington Square, Ste. 300
Lansing, MI 48933
(616) 915-3726

The following party does not wish to be a signatory to this Settlement Agreement; however they have agreed to sign below to indicate non-objection to the Settlement Agreement.

RETAIL ENERGY SUPPLY ASSOCIATION

By: **Jennifer Utter Heston**
Digitally signed by Jennifer Utter Heston
Date: 2024.07.09 10:36:35 -04'00'

Dated: July 9, 2024

Jennifer Utter Heston, Esq. (P65202)
Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan Street, Suite 1000
Lansing, MI 48933

ATTACHMENT 1

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-21490

Consumers Energy Company

Summary of Present and Proposed Revenue by Rate Schedule

Total Revenue

| Line No. | (a) Description | (b) Present Revenue \$000 | (c) Proposed Revenue \$000 | (d) Difference Revenue \$000 | (e) Percent % |
|---------------------|---|------------------------------------|-------------------------------------|---------------------------------------|---------------------|
| Residential Service | | | | | |
| 1 | Single Family Dwelling A | \$ 1,539,245 | \$ 1,562,954 | \$ 23,710 | 1.5 |
| 2 | Multifamily Dwelling A-1 | 55,595 | 55,659 | 64 | 0.1 |
| 3 | Total Residential Service | 1,594,840 | 1,618,613 | 23,773 | 1.5 |
| General Service | | | | | |
| 4 | Small Service GS-1 | 253,973 | 266,305 | 12,333 | 4.9 |
| 5 | Medium Service GS-2 | 202,142 | 211,666 | 9,524 | 4.7 |
| 6 | Large Service GS-3 | 52,997 | 55,940 | 2,943 | 5.6 |
| 7 | Outdoor Lighting GL | 6 | 4 | (2) | (30.0) |
| 8 | Total General Service | 509,118 | 533,916 | 24,798 | 4.9 |
| 9 | Total Gas Sales ⁽¹⁾ | 2,103,957 | 2,152,529 | 48,572 | 2.3 |
| Transportation | | | | | |
| 10 | Small Transport ST | 38,958 | 34,281 | (4,677) | (12.0) |
| 11 | Large Transport LT | 30,893 | 27,186 | (3,707) | (12.0) |
| 12 | Extremely Large Transport XLT | 34,996 | 31,497 | (3,500) | (10.0) |
| 13 | Extra Extremely Large Transport XXL | 12,306 | 10,517 | (1,789) | (14.5) |
| 14 | Total Transportation | 117,154 | 103,481 | (13,673) | (11.7) |
| 15 | Total Service (Delivery & Fuel) | \$ 2,221,111 | \$ 2,256,010 | \$ 34,899 | 1.6 |
| 16 | Additional Late Payment Charge Revenue | 0 | 110 | 110 | |
| 17 | Revenue Increase/(Decrease) Due to Rounding | 0 | 2 | 2 | |
| 18 | Revenue (Sufficiency)/Deficiency | \$ 2,221,111 | \$ 2,256,122 | 35,011 | 1.6 |

Notes

⁽¹⁾ Includes aggregate billed transportation accounts.

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-21490

Consumers Energy Company

Summary of Present and Proposed Revenue by Rate Schedule

Delivery Revenue

| Line No. | (a) Description | (b) Present Revenue \$000 | (c) Proposed Revenue \$000 | (d) Difference Revenue \$000 | (e) Percent % |
|---------------------|---|------------------------------------|-------------------------------------|---------------------------------------|---------------------|
| Residential Service | | | | | |
| 1 | Single Family Dwelling A | \$ 1,053,922 | \$ 1,077,631 | \$ 23,710 | 2.2 |
| 2 | Multifamily Dwelling A-1 | 35,526 | 35,589 | 64 | 0.2 |
| 3 | Total Residential Service | 1,089,447 | 1,113,221 | 23,773 | 2.2 |
| General Service | | | | | |
| 4 | Small Service GS-1 | 159,305 | 171,638 | 12,333 | 7.7 |
| 5 | Medium Service GS-2 | 118,887 | 128,412 | 9,524 | 8.0 |
| 6 | Large Service GS-3 | 26,902 | 29,845 | 2,943 | 10.9 |
| 7 | Outdoor Lighting GL | - | - | - | NA |
| 8 | Total General Service | 305,094 | 329,895 | 24,800 | 8.1 |
| 9 | Total Gas Sales ⁽¹⁾ | 1,394,542 | 1,443,115 | 48,574 | 3.5 |
| Transportation | | | | | |
| 10 | Small Transport ST | 38,958 | 34,281 | (4,677) | (12.0) |
| 11 | Large Transport LT | 30,893 | 27,186 | (3,707) | (12.0) |
| 12 | Extremely Large Transport XLT | 34,996 | 31,497 | (3,500) | (10.0) |
| 13 | Extra Extremely Large Transport XXL | 12,306 | 10,517 | (1,789) | (14.5) |
| 14 | Total Transportation | 117,154 | 103,481 | (13,673) | (11.7) |
| 15 | Total Service (Delivery Only) | 1,511,695 | \$ 1,546,596 | \$ 34,901 | 2.3 |
| 16 | Additional Late Payment Charge Revenue | 0 | 110 | 110 | |
| 17 | Revenue Increase/(Decrease) Due to Rounding | 0 | 2 | 2 | |
| 18 | Revenue (Sufficiency)/Deficiency | \$ 1,511,695 | \$ 1,546,708 | 35,013 | 2.3 |

Notes

⁽¹⁾ Includes aggregate billed transportation accounts.

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-21490

Consumers Energy Company

Summary of Present and Proposed Rates by Rate Schedule

| Line No. | (a) Description | (b) Units | (c) Present | (d) Proposed |
|-------------------------------|----------------------------------|--------------|----------------|-----------------|
| Residential Class | | | | |
| Single Family Dwelling A | | | | |
| 1 | Customer Charge | \$/Mth | 13.60 | 15.00 |
| 2 | Income Assistance - RIA Program | \$/Mth | (13.60) | (15.00) |
| 3 | Income Assistance - LIAC Program | \$/Mth | (30.27) | (30.27) |
| 4 | Distribution Charge | \$/Mcf | 5.2191 | 5.1950 |
| Multifamily Dwelling A-1 | | | | |
| 5 | Customer Charge | \$/Mth | 13.60 | 15.00 |
| 6 | Excess Peak Charge | \$/Mcf | 0.0828 | 0.0913 |
| 7 | Distribution Charge | \$/Mcf | 5.2191 | 5.1950 |
| General Service | | | | |
| Small Service GS-1 | | | | |
| 8 | Customer Charge - Principal | \$/Mth | 16.00 | 18.00 |
| 9 | Customer Charge - Contiguous | \$/Mth | 14.00 | 14.00 |
| 10 | Distribution Charge | \$/Mcf | 4.5946 | 4.9147 |
| Medium Service GS-2 | | | | |
| 11 | Customer Charge - Principal | \$/Mth | 132.13 | 133.32 |
| 12 | Customer Charge - Contiguous | \$/Mth | 40.00 | 40.00 |
| 13 | Distribution Charge | \$/Mcf | 3.2016 | 3.5306 |
| Large Service GS-3 | | | | |
| 14 | Customer Charge - Principal | \$/Mth | 384.31 | 324.50 |
| 15 | Customer Charge - Contiguous | \$/Mth | 80.00 | 80.00 |
| 16 | Distribution Charge | \$/Mcf | 2.8990 | 3.3012 |
| Outdoor Lighting GL | | | | |
| 17 | Single Mantle | \$/Lum. | 9.00 | 6.00 |
| 18 | Multiple Mantle | \$/Lum. | 15.00 | 11.00 |
| Transportation | | | | |
| Small Transport ST | | | | |
| 19 | Customer Charge - Principal | \$/Mth | 898.12 | 973.32 |
| 20 | Customer Charge - Contiguous | \$/Mth | 60.00 | 60.00 |
| 21 | Distribution Charge | \$/Mcf | 1.7140 | 1.4273 |
| Large Transport LT | | | | |
| 22 | Customer Charge - Principal | \$/Mth | 3,494.14 | 2,026.79 |
| 23 | Customer Charge - Contiguous | \$/Mth | 60.00 | 60.00 |
| 24 | Distribution Charge | \$/Mcf | 1.4025 | 1.3009 |
| Extremely Large Transport XLT | | | | |
| 25 | Customer Charge - Principal | \$/Mth | 17,693.61 | 16,379.74 |
| 26 | Customer Charge - Contiguous | \$/Mth | 60.00 | 60.00 |
| 27 | Remote Meter Charge | \$/Mth | 70.00 | 70.00 |
| 28 | Distribution Charge | \$/Mcf | 1.0617 | 0.9564 |

MICHIGAN PUBLIC SERVICE COMMISSION

Case No.: U-21490

Consumers Energy Company

Summary of Present and Proposed Rates by Rate Schedule

0

| Line No. | (a) Description | (b) Units | (c) Present | (d) Proposed |
|----------|--|--------------|----------------|-----------------|
| | Extra Extremely Large Transport XXLT | | | |
| 29 | Customer Charge - Principal | \$/Mth | 46,354.57 | 43,617.55 |
| 30 | Remote Meter Charge | \$/Mth | 70.00 | 70.00 |
| 31 | Distribution Charge | \$/Mcf | 0.6157 | 0.5177 |
| | Authorized Tolerance Level (ST, LT, XLT, XXLT) ⁽²⁾ | | | |
| 32 | 2.0% ATL | \$/Mcf | (0.0606) | (0.0732) |
| 33 | 4.0% ATL | \$/Mcf | (0.0420) | (0.0507) |
| 34 | 6.5% ATL | \$/Mcf | (0.0186) | (0.0225) |
| 35 | 7.5% ATL | \$/Mcf | (0.0093) | (0.0113) |
| 36 | 8.5% ATL | \$/Mcf | - | - |
| 37 | 9.5% ATL | \$/Mcf | 0.0093 | 0.0113 |
| 38 | 10.5% ATL | \$/Mcf | 0.0019 | 0.0225 |
| | Customer Attachment Program | | | |
| 39 | Discount Rate | % | 7.06 | 7.07 |
| 40 | Carrying Cost Rate | % | 8.77 | 8.74 |
| | Other Transportation | | | |
| 41 | Authorized Gas Use Charge | \$/Mcf | 1.00 | 1.00 |
| 42 | Unauthorized Gas Use Charge | \$/Mcf | 10.00 | 10.00 |
| 43 | Load Balancing Charge | \$/MMBtu | 0.25 | 0.25 |
| 44 | EUT Gas In Kind | % | 2.33 | 2.45 |
| | Non-Transmitting Gas Meter - Automated Meter Reading (AMR) Provision | | | |
| 45 | One Time Charge Prior to AMR Install | \$/Customer | 109.94 | 109.94 |
| 46 | One Time Charge After AMR Install | \$/Customer | 177.53 | 177.53 |
| 47 | Monthly Charge | \$/Customer | 6.03 | 6.03 |

Notes

⁽¹⁾ Excludes Outdoor Lighting GL

⁽²⁾ Only the 2.0% ATL adjustment is available to XXLT and the 4.0% ATL credit is subtracted to get a credit of \$(0.0225)

Consumers Energy Company

U-21490 Calculation of Settlement Impacts

| Line No. | Description | Base Rates | | | Home Products Credit | Net Increase / (Decrease) | |
|----------|-------------------------------------|------------|-----------|----------|----------------------|---------------------------|---------|
| | | Present | Proposed | Change | | Revenue | Percent |
| | | \$000 | \$000 | \$000 | | \$000 | % |
| 1 | Residential Service | 1,594,840 | 1,618,613 | 23,773 | (22,593) | 1,180 | 0.1% |
| | General Service | | | | | | |
| 2 | Small Service GS-1 | 253,973 | 266,305 | 12,333 | (3,079) | 9,254 | 3.6% |
| 3 | Medium Service GS-2 | 202,142 | 211,666 | 9,524 | (1,756) | 7,768 | 3.8% |
| 4 | Large Service GS-3 | 52,997 | 55,940 | 2,943 | (389) | 2,555 | 4.8% |
| 5 | Total General Service | 509,111 | 533,912 | 24,800 | (5,223) | 19,577 | 3.8% |
| | Transportation | | | | | | |
| 6 | Small Transport ST | 38,958 | 34,281 | (4,677) | (531) | (5,208) | -13.4% |
| 7 | Large Transport LT | 30,893 | 27,186 | (3,707) | (382) | (4,089) | -13.2% |
| 8 | Extremely Large Transport XLT | 34,996 | 31,497 | (3,500) | (430) | (3,930) | -11.2% |
| 9 | Extra Extremely Large Transport XXL | 12,306 | 10,517 | (1,789) | (146) | (1,936) | -15.7% |
| 10 | Total Transportation | 117,154 | 103,481 | (13,673) | (1,490) | (15,163) | -12.9% |
| 11 | Total | 2,221,105 | 2,256,006 | 34,901 | (29,307) | 5,594 | 0.3% |

ATTACHMENT 2

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company

Proposed Gas Tariff Sheets (MPSC No. 3 – Redlined Version)

(Continued From Sheet No. C-39.00)

C8. CUSTOMER ATTACHMENT PROGRAM (Contd)

I. Model Assumptions

Incremental Revenues:

The incremental revenues will be calculated based on current rates and a forecast of the timing and number of customer attachments as well as the customer's annual consumption levels.

Incremental Costs:

(1) Carrying Cost Rate

The carrying cost rate will be based on the weighted rate of debt, preferred stock, equity and associated taxes. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. The carrying cost rate is equal to ~~8.77~~ 8.74%.

(2) Plant in Service

Plant in Service shall reflect the Company's estimated cost to construct distribution mains, customer service lines, meters and pressure regulators or regulating facilities for the Project. The timing of the facility investment, primarily service lines, will correspond with the projected timing of the customer attachments.

(3) Carrying Costs

The Carrying Costs will be the product of the average of beginning and end-of-year net plant, Plant in Service minus accumulated depreciation minus deferred taxes, multiplied by the Carrying Cost Rate, noted in paragraph 1 above.

(4) Depreciation

Depreciation expense will be the product of Plant in Service multiplied by the appropriate prescribed depreciation rates approved for the Company.

(5) Property Taxes and Other Operating Expenses

Property taxes will be the product of Plant in Service multiplied by the Company's average property tax rate. All other incremental operating expenses will be included as identified. Incremental O&M will at a minimum include a proportional cost for monthly meter reading, billing and mailing.

(6) Discount Rate

The discount rate will be a weighted rate of long-term debt, preferred stock and common equity. The cost will be equal to and weighted in proportion to those authorized in the Company's most recent rate order. Based on the Company's rate order in Case No. ~~U-21308~~ U-21490, the discount rate is equal to ~~7.06~~ 7.07 %.

J. Customer Attachment Project Areas

All gas sold in any area specifically listed below is subject to the following Customer Attachment Project (CAP) charges. CAP areas and charges shall be added to or removed from the list from time to time by the Company.

(Continued on Sheet No. C-41.00)

Issued XXXXXX XX, 2024 by
Garrick J. Rochow,
President and Chief Executive Officer,
Jackson, Michigan

Effective for service rendered on
and after October 1, 2024

Issued under authority of the
Michigan Public Service Commission
dated XXXXXX XX, 2024
in Case No. U-21490

SURCHARGES

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

| <u>Rate Schedule</u> | Energy Efficiency ⁽¹⁾ Program Surcharge (Case No. U-21321) Effective beginning the March 2024 <u>Billing Month</u> ⁽²⁾⁽³⁾ |
|----------------------|--|
| Rate A | \$0.3359/Mcf |
| Rate A-1 | 0.3359/Mcf |
| Rate GS-1 | 0.6638/Mcf |
| Rate GS-2 | 0.6638/Mcf |
| Rate GS-3 | |
| 0 – 100,000 / Year | 0.6638/Mcf |
| > 100,000 / Year | 0.0318/Mcf |
| Rate GL | NA |
| Rate ST | |
| 0 – 100,000 / Year | 0.6638/Mcf |
| > 100,000 / Year | 0.0318/Mcf |
| Rate LT | |
| 0 – 100,000 / Year | 0.6638/Mcf |
| > 100,000 / Year | 0.0318/Mcf |
| Rate XLT | |
| 0 – 100,000 / Year | 0.6638/Mcf |
| > 100,000 / Year | 0.0318/Mcf |
| Rate XXLT | |
| 0 – 100,000 / Year | NA |
| > 100,000 / Year | 0.0318/Mcf |
| Rate CC | Per applicable distribution |
| <u>Rate TOT</u> | Rate Schedule <u>NA</u> |

- (1) All surcharges shall be applied on a monthly basis. The customer’s consumption will be reviewed annually in the January bill month. Following the annual review, the customer may be subsequently moved to the surcharge level for their applicable rate for the next billing period based on the customer’s average consumption for the previous year. No retroactive adjustment will be made due to the application of EE surcharges associated with increases or decreases in consumption.
- (2) An Energy Efficiency Program Surcharge amount may vary during specific months as authorized by the Michigan Public Service Commission. The Company will file a new tariff sheet to reflect any change in surcharges once the financial incentive recovery period has been completed.
- (3) The Energy Efficiency Program Surcharge for each rate will be shown as above on the monthly utility bill under Other Surcharges for all customers.

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SURCHARGES

Each Rate Schedule may be subject to Rule No. C8., Customer Attachment Program.

| Rate Schedule | Energy Efficiency Large Gas Transportation Opt-Out Program Surcharge ⁽¹⁾ (Case No. U-21321) Effective beginning the March 2024 <u>Billing Month</u> |
|----------------------|---|
| Rate A | NA |
| Rate A-1 | NA |
| Rate GS-1 | NA |
| Rate GS-2 | NA |
| Rate GS-3 | NA |
| Rate GL | NA |
| Rate ST | |
| > 100,000 / Year | \$0.0132/Mcf |
| Rate LT | |
| > 100,000 / Year | 0.0132/Mcf |
| Rate XLT | |
| > 100,000 / Year | 0.0132/Mcf |
| Rate XXLT | |
| > 100,000 / Year | 0.0132/Mcf |
| Rate CC | N/A |
| <u>Rate TOT</u> | <u>N/A</u> |

- (1) Gas Transportation customers on Rate ST, LT, XLT, or XXLT using more than 100,000 Mcf per year may be eligible to opt-out of the Energy Efficiency program. Eligible customers who elect to opt-out of the Energy Efficiency program will pay the Energy Efficiency Large Gas Transportation Opt-Out Program surcharge per Mcf on a monthly basis. Eligibility is determined solely by the Company and is dependent upon terms and conditions of the Energy Efficiency Large Gas Transportation Customer Opt-Out Program as authorized in the April 17, 2012 order in Case No. U-16670.
- (2) The Energy Efficiency Large Gas Transportation Opt-Out Program Surcharge will be shown on the monthly utility bill under Other Surcharges for all customers.

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SURCHARGES

| | |
|-----------------------------|--|
| | <u>Home Products Credit</u> <u>(Case No. U-21490)</u> <u>Effective for service rendered</u> <u>on and after October 1, 2024</u> |
| <u>Rate Schedule</u> | |
| <u>Rate A</u> | <u>\$(0.1428)/Mcf</u> |
| <u>Rate A-1</u> | <u>(0.1428)/Mcf</u> |
| <u>Rate GS-1</u> | <u>(0.1033)/Mcf</u> |
| <u>Rate GS-2</u> | <u>(0.0623)/Mcf</u> |
| <u>Rate GS-3</u> | <u>(0.0466)/Mcf</u> |
| <u>Rate GL</u> | <u>NA</u> |
| <u>Rate ST</u> | <u>(0.0290)/Mcf</u> |
| <u>Rate LT</u> | <u>(0.0201)/Mcf</u> |
| <u>Rate XLT</u> | <u>(0.0152)/Mcf</u> |
| <u>Rate XXL</u> | <u>(0.0085)/Mcf</u> |
| <u>Rate TOT</u> | <u>NA</u> |
| <u>Rate CC</u> | <u>Per applicable distribution</u> <u>Rate Schedule</u> |

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(Continued From Sheet No. D-8.00)

RATE CATEGORIES (Contd)

| <u>Description</u> | <u>Rate Category</u> |
|--|----------------------|
| GENERAL SERVICE OUTDOOR LIGHTING RATE GL - Commercial | 048 |
| TRANSPORTATION SERVICE RATE | |
| Small, Cost-Based | ST |
| Large, Cost-Based | LT |
| Extremely Large, Cost-Based | XLT |
| Extra Extremely Large, Cost-Based | XXLT |
| CUSTOMER CHOICE RATE CC | CC |
| <u>TRANSMISSION ONLY TRANSPORTATION SERVICE RATE TOT</u> | <u>TOT</u> |

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RESIDENTIAL SERVICE RATE A

Availability

Subject to any restrictions, this rate is available to any customer desiring gas service for any usual residential use in private family dwellings; tourist homes, rooming houses, dormitories, nursing homes and other similarly occupied buildings containing sleeping accommodations for up to six persons; or multifamily dwellings containing two households served through a single meter.

This rate is not available for resale service, multifamily dwellings containing more than two living units served through a single meter or for tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons or for any other Non-Residential usage.

Residences in conjunction with commercial or industrial enterprises and mobile home parks may take service on this rate only under the Rules and Regulations contained in the Company's Gas Rate Book.

Monthly Rate

Customer Charge

~~\$13.60~~ 15.00 per customer per month, plus

Income Assistance Service Provision:

When service is supplied to a Principal Residence Customer, where the total household income does not exceed 150% of the Federal Poverty level, a credit shall be applied during all billing months. The total household income is verified when the customer has provided proof that they have received, or are currently participating in, one or more of the following within the past 12 months:

1. A Home Heating Credit energy draft
2. State Emergency Relief
3. Assistance from a Michigan Energy Assistance Program (MEAP)
4. Medicaid

If a customer does not meet any of the above requirements, a low-income verification form will be provided by the Company for the customer to complete and return.

The monthly credit for the Income Assistance Service Provision (RIA) shall be applied as follows:

Income Assistance Credit: ~~\$(13.60)~~ 15.00 per customer per month

If a credit balance occurs, the credit shall apply to the customer's future gas utility charges.

Low Income Assistance Credit (LIAC):

Company selected Residential customers may receive LIAC for up to 12 consecutive months. The number of customers enrolled may be adjusted, at the Company's discretion, in order to dispense Commission-approved LIAC funding on an annual basis. Any shortfall in the dispensing of annual LIAC funds to qualified customers shall be carried over into the subsequent LIAC program year. LIAC customer selection will be based on highest need and with total household income that does not exceed 150% of the Federal Poverty level. The total household income is verified when the customer has provided proof that they have received, or are currently participating in, one or more of the following within the past 12 months:

1. Customers whose total household income does not exceed 150% of the Federal Poverty level within the last 12 months
2. Customers who have received assistance from a Michigan Energy Assistance Program (MEAP)
3. Customers who have received a Home Heating Credit energy draft
4. A State Emergency Relief program
5. Medicaid
6. Customers that have participated in a Supplementary Nutrition Assistance Program where the total household income does not exceed 150% of the Federal Poverty level within the last 12 months

If the customer does not meet any of the above requirements, a low-income verification form will be provided by the Company for the customer to complete and return.

The monthly credit for LIAC shall be applied as follows:

Low Income Assistance Credit: (\$30.27) per meter per month

If a credit balance occurs, the credit shall apply to the customer's future gas utility charges. Re-enrollment, if applicable, and confirmation of qualification is required for each annual period of participation.

Customers selected for LIAC, will not be eligible for the RIA provision while enrolled in LIAC.

(Continued on Sheet No. D-11.00)

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RESIDENTIAL SERVICE RATE A
(Continued From Sheet No. D-10.00)

Monthly Rate (Contd)

Distribution Charge

~~\$5.219~~ 5.1950 per Mcf for all Mcf purchased.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate, adjusted for qualified service provision credit and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of transmittal. A late payment charge of 2%, not compounded, of the portion of the bill, net of taxes, shall be assessed to any bill that is delinquent. A customer who participates in the Winter Protection Plan or who is 65 years of age or older and who has notified the Company the customer is 65 years of age or older, shall be exempt from a late payment charge as described in Rule B2., Consumer Standards and Billing Practices for Electric and Natural Gas Service, R 460.125, Late payment charges.

Term and Form of Contract

Service under this rate shall not require a written contract.

MULTIFAMILY DWELLING SERVICE RATE A-1

Availability

Subject to any restrictions this rate is available to any multifamily dwelling installation containing more than two households served through a single meter and where, in the Company's opinion, it is impractical to provide gas service to each household through an individual meter. This rate is not available for multifamily dwellings containing two households served through a single meter.

Monthly Rate

Customer Charge

~~\$13.60~~ 15.00 per month

Distribution Charge

~~\$5.2191~~ 5.1950 per Mcf for all Mcf purchased plus
~~\$0.0828~~ 0.0913 per Mcf of excess peak demand

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate, adjusted for qualified service provision credit and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Determination of Excess Peak Demand

The Mcf used for billing the excess demand shall be equal to all usage in excess of 45 Mcf in the peak month. The peak month shall be that month in the latest 12 months in which the greatest consumption occurred.

If 12 months of historical data are not available for a premises, then the Company shall use an estimated peak usage while accumulating 12 months of data. If, during the accumulation of 12 months of data, any month's actual usage exceeds the original estimated peak usage, then the actual usage shall become the new peak demand. However, if after 12 months the estimated peak usage exceeds the actual peak month's usage, then the customer's bills shall be recalculated using the actual and any overcharge shall be refunded with interest.

Term and Form of Contract

Service under this rate shall not require a written contract.

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**GENERAL SERVICE RATE
(Rates GS-1, GS-2 and GS-3)**

Availability

Subject to any restrictions, this rate is available to any customer desiring gas service for any Non-Residential usage which includes tourist homes, rooming houses, dormitories, nursing homes and similarly occupied buildings containing sleeping accommodations for more than six persons. Gas shall not be purchased under any other rate for any equipment or process which uses gas under this rate.

This rate is not available for residential usage or for resale purposes.

Monthly Rate

| | <u>Service Category</u> | | |
|-----------------------------------|--|--|--|
| | <u>GS-1</u> | <u>GS-2</u> | <u>GS-3</u> |
| Principal Customer Charge | \$16.00 <u>18.00</u> /meter | \$132.13 <u>133.32</u> /meter | \$384.31 <u>324.50</u> /meter |
| Contiguous Customer Charge | 14.00/meter | 40.00/meter | 80.00/meter |
| Distribution Charge | \$4.5946 <u>4.9147</u> /Mcf | \$3.2016 <u>3.5306</u> /Mcf | \$2.8990 <u>3.3012</u> /Mcf |

Selection of Service Category and Rates

Customers may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2., Choice of Rates. When the Customer is selecting its initial Service Category, the Company must advise them that the estimated economic breakeven point between GS-1 and GS-2 is approximately 1,000 Mcf per year and the estimated economic breakeven point between GS-2 and GS-3 is approximately 10,000 Mcf per year. Economic breakeven points may vary based on the usage and number of customer contiguous accounts. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

Gas Cost Recovery Charge

The gas cost recovery factors are shown on Sheet No. D-5.00.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Minimum Charge

The Customer Charge included in the rate and any applicable non-consumption based surcharges.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Term and Form of Contract

Service under this rate shall not require a written contract.

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GENERAL SERVICE OUTDOOR LIGHTING RATE GL
This Rate Is Not Open to New Business

Availability

Subject to any restrictions, this rate is available to any commercial or industrial customer for streetlighting or outdoor area lighting service for any system consisting of two or more gas luminaires where the Company has an existing gas distribution system.

Nature of Service

The customer shall furnish the necessary posts, luminaires and fixtures. The Company shall install this equipment and make all connections to its gas distribution system. The Company shall supply the gas, renew the mantles, clean the luminaires and paint all metal parts as needed; all other renewals and maintenance shall be paid for by the customer.

Monthly Rate

~~\$9.00~~ 6.00 per luminaire having a rated consumption of 2.5 cubic feet or less per hour.

~~\$15.00~~ 11.00 per luminaire having a rated consumption of more than 2.5 cubic feet but not more than 4.5 cubic feet per hour.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Term and Form of Contract

Minimum term of three years on written contract and year to year thereafter until terminated by mutual consent or upon three months' written notice given by either party.

Special Terms and Conditions

The Company reserves the right to make special contractual arrangements as to term or duration of contract, termination charges, contributions in aid of construction, monthly charges or other special consideration when the customer requests service, equipment or facilities not normally provided under this rate.

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(Continued From Sheet No. E-3.00)

E3. GAS QUALITY (Contd)

E3.2 Heating Value.

The Gas transported shall have a Total Heating Value Per Cubic Foot of not less than 965 Btu nor more than 1,110 Btu at a base pressure of 14.65 psi and 60 degrees Fahrenheit. Unless otherwise agreed, differences in the thermal value of the Gas transported shall be determined by the Company based on the assumption that the Gas delivered to the customer has a Btu content per Mcf that is the same as the Company's then-current system average Btu content per Mcf which shall be redetermined Monthly.

E4. SERVICE REQUIREMENTS

E4.1 Quantities.

- A. The customer may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Book, accept quantities of Gas up to the MDQ specified in the transportation contract. If deliveries to the Company exceed the agreed upon quantities, the Company may terminate the contract upon 30 Days' written notice to the customer.
- B. Deliveries to the Company may be made by or on behalf of the customer at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the customer and the Company.
- C. The Company shall endeavor to deliver Gas to the customer, and the customer shall endeavor to take a quantity of Gas that is thermally equivalent to the Gas that it delivers or causes to be delivered. Such delivery on the part of the Company and take on the part of the customer is to be made at the outlet of the Company gas meter(s) identified in the transportation contract.
- D. The Company shall retain ~~2.33~~ 2.45 percent of all Gas received from customers being billed for distribution service on the Transportation Service Rate at the points of receipt to compensate it for the Company's use and lost and unaccounted for Gas on the Company's system ("Allowance for Use and Loss"). Gas received from customers being billed for distribution services on the General Service Rate shall not be subject to this provision. This volume shall not be included in the quantity available for delivery to the customer.
- E. If, in any month, the quantity of Gas received by the Company at the points of receipt, less the Allowance for Use and Loss, is more than the quantity of Gas taken by the customer at the points of delivery, then the difference shall be retained by the Company and delivered to the customer in those succeeding months when the quantity of gas received by the Company is less than the customer's requirements. Such subsequent deliveries to the customer shall be subject to the withdrawal limitations identified on the Transportation Service Rate Schedule. Should the aggregate quantity of gas, less the Allowance for Use and Loss, retained by the Company at any month-end exceed 10% of the Annual Contract Quantity for ST, LT and XLT, or exceed 4% of the Annual Contract Quantity for XXLT, then the Company shall have the right: (1) to refuse to receive any additional quantity of gas for that customer until the Company has satisfied itself that the quantity of gas retained for the customer is less than the Authorized Tolerance Level and (2) to assess the customer a Load Balancing Charge for any month-end balance that exceeds the Authorized Tolerance Level.
- F. After termination of the customer's Gas transportation contract, the customer must withdraw or transfer any Gas retained by the Company within 60 days. If the customer has not withdrawn or transferred all of the Gas retained by the Company within 60 days, the Company will cash out the remaining balance at a rate of \$1.00 per Mcf.

(Continued on Sheet No. E-5.00)

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TRANSPORTATION SERVICE RATE
(Rates ST, LT, XLT and XXL)

Availability

Subject to any restrictions, service under this Rate Schedule is available to any customer that could otherwise purchase gas under another Company Rate Schedule. A customer selecting transportation service, is not eligible to receive Gas under any of the Company's firm Gas sales rates for a minimum period of one year from the date the customer commenced taking Transportation Service.

Service provided to Rate Schedule XXL is available to customers with an annual minimum throughput of 4,000,000 Mcf, subject to an annual review to ensure the minimum requirement is met. Customers served under the XXL Rate Schedule will be required to operate at a contracted Authorized Tolerance Level of 4% or less.

Under this Rate Schedule, the Company shall transport Gas for the customer to the interconnections between the Company's facilities and those of the customer (points of delivery) from the interconnections between the Company's facilities and those of a third party that delivers Gas to the Company for redelivery to the customer (points of receipt).

A producer or a broker may contract for service on this Rate Schedule for the transportation of Gas from a wellhead through the Company's system to another pipeline, for the transportation of Gas from one pipeline to another pipeline or for the transportation of Gas from a specified interconnection between the Company's facilities and those of a third party for delivery to a specific customer within the Company's integrated distribution system, provided that all Gas transported for a producer or broker pursuant to this Rate Schedule is consumed in and never leaves the State of Michigan after entering the Company's system.

All customers requesting transportation service under this Rate Schedule shall make written application for such service on a form provided by the Company.

Monthly Rate

| | Service category | | | |
|-----------------------------------|--|--|--|--|
| | ST | LT | XLT | XXLT |
| Principal Customer Charge | \$898.12 <u>973.32</u> /meter | \$3,494.14 <u>2,026.79</u> /meter | \$17,693.61 <u>16,379.74</u> /meter | \$46,354.57 <u>43,617.55</u> /meter |
| Contiguous Customer Charge | 60.00 /meter | 60.00 /meter | 60.00/meter | NA |
| Remote Meter Charge | NA | NA | 70.00/meter | 70.00 /meter |
| Transportation Rates | +7140 <u>1,4273</u> /Mcf | +4025 <u>1,3009</u> /Mcf | +0617 <u>0,9564</u> /Mcf | 0,6157 <u>0,5177</u> /Mcf * |

*The XXL Transportation Rate reflects a contracted Authorized Tolerance Level of 4%.

Selection of Service Category and Rates

A customer may choose the Service Category under which they take service, consistent with the provisions of Rules C4.1, Classes of Service, and C4.2, Choice of Rates. When the customer is selecting its initial Service Category, the Company must advise them that the estimated economic breakeven point between ST and LT is approximately 100,000 Mcf per year, the estimated economic breakeven point between LT and XLT is approximately 500,000 Mcf per year. The estimated economic breakeven points assume an 8.5% ATL for rates ST, LT and XLT and exclude contiguous customer charges and all surcharges. Economic breakeven points may vary based on the throughput, contracted ATL and number of customer contiguous accounts. After the initial selection is made, then it is the customer's responsibility to determine when it is appropriate to switch Service Categories, as permitted by Rule C4.2, Choice of Rates.

(Continued on Sheet No. E-9.00)

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TRANSPORTATION SERVICE RATE
(Rates ST, LT, XLT and XXLT)
(Continued From Sheet No. E-8.00)

Monthly Rate (Contd)

Authorized Gas Usage Charge

A customer may request in advance to purchase authorized Gas in accordance with the Company's Gas Rate Book. The Company may grant such request if sufficient supplies are available. In such instances, the customer shall be billed for such authorized usage at the customer's Designated Sales Rate, plus \$1.00 per Mcf. The customer shall pay \$.10 per Mcf for any unused volume that the customer received authorization to take. The Customer Charge shall be that as contained on the customer's designated service category.

Unauthorized Gas Usage Charge

A customer who has not obtained authorized access to the Company's system supply for such Account(s) shall be billed for unauthorized usage at its Designated Sales Rate plus an Unauthorized Gas Usage Charge. Such Unauthorized Gas Usage Charge shall be the higher of: a) the highest gas purchase price paid by the Company for gas supply delivered to its citygate during the applicable month, or b) the Company's Gas Cost Recovery (GCR) rate charged to GCR customers during the applicable month; plus \$10 per Mcf for all Gas taken by the customer in excess of the cumulative volume delivered to the Company (less Gas used by the customer less the Allowance for Use and Loss) on behalf of the customer.

If in any month the customer's usage exceeds the amount of Gas available for use by the customer, the excess amount will be treated as unauthorized gas usage and subject to the "Unauthorized Gas Usage Charge". The amount of Gas available for customer use will be calculated as the amount of gas received by the Company less the allowance for Gas-In-Kind, plus the net effect of any monthly balance transfers, if applicable, plus withdrawal from the customer's storage balance, as defined in Section E4.1E. During the months of November through March withdrawals from the customer's storage balance are limited to 3% of the customer's ACQ, provided that the Company shall have the discretion to waive the 3% limit when such limit would be exceeded only as a result of a balance transfer between customers that does not directly result in any physical withdrawal of gas from the Company's system. Such a waiver may be granted once within any 12-month period.

At the Company's discretion, Unauthorized Gas Usage charges may be waived if the transportation customer experiences an extenuating circumstance or other unusual operating condition that leads to the condition causing the unauthorized charge and meets the following criteria:

- 1.) Transportation customer takes corrective action to ensure the circumstance is corrected
- 2.) Unauthorized use did not occur during the Company's heating season of November through March
- 3.) In lieu of the unauthorized charge, the customer is charged a rate equal to the Company's authorized Gas Usage Charge
- 4.) Transportation customer is responsible for the cost of the gas used
- 5.) The waiving for Unauthorized Usage Charge for extenuating circumstances shall not exceed one every 12 months

Load Balancing Charge

A customer shall be charged \$0.25 per MMBtu for any month-end balance of Gas that exceeds Authorized Tolerance Level (ATL). In addition, there is a 2.0 percent gas-in-kind for fuel used for injection, for any month-end balance of Gas that exceeds the Authorized Tolerance Level and is in excess of the prior month-end balance.

(Continued on Sheet No. E-10.00)

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TRANSPORTATION SERVICE RATE
(Rates ST, LT, XLT and XXLT)
(Continued From Sheet No. E-9.00)

Monthly Rate (Contd)

Load Balancing Charge (Contd)

ST, LT and XLT customer's ATL shall be 8.5% of the Customer's ACQ unless the customer contracts for a different percent in accordance with the following table. The Transportation Charge shall be adjusted as follows except for Transportation customers served on XXLT, where service is offered at 4% ATL or less:

| Authorized As a % of ACQ <u>Tolerance Level</u> | ST, LT and XLT Transportation <u>Charge Adjustment</u> | XXLT Transportation <u>Charge Adjustment</u> |
|---|--|--|
| 2.0% | \$(0.0606 <u>0.0732</u>) Per Mcf | \$(0.0186 <u>0.0225</u>)/Per Mcf |
| 4.0% | \$(0.0420 <u>0.0507</u>) Per Mcf * | No Change* |
| 6.5% | \$(0.0186 <u>0.0225</u>) Per Mcf | N/A |
| 7.5% | \$(0.0093 <u>0.0113</u>) Per Mcf | N/A |
| 8.5% | No Change | N/A |
| 9.5% | \$ 0.0093 <u>0.0113</u> Per Mcf | N/A |
| 10.5% | \$ 0.0186 <u>0.0225</u> Per Mcf | N/A |

*For XXLT customers, the 4% ATL adjustment is reflected in their Transportation Rate, therefore there is no additional ATL adjustment required.

The monthly injection of Gas into the customer's ATL shall be at the customer's discretion except in September and October when any monthly injections in excess of 1.43% of the customer's ACQ, will be charged the Load Balancing Charge. *A balance transfer between customers that does not directly result in any physical injection of gas into the Company's system may, in the Company's discretion, be exempted from the 1.43% monthly limit. Such a waiver may be granted once within any 12-month period.*

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 Days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Metering Requirements

All eligible XLT and XXLT customers shall be required to provide, at no expense to the Company, a dedicated telecommunication line(s) as required for metering purposes, to a location specified by the Company. The communication link must be installed and operating prior to a transportation customer receiving service under Service Category XLT or XXLT. The customer shall be responsible for (i) ensuring that the communication links allow access to the meter data by the Company and are compatible with the Company's metering and billing systems, and (ii) all associated costs relating to the communication links including other accompanying equipment and monthly fees. The Company shall own and maintain the actual metering equipment and modem.

(Continued on Sheet No. E-11.00)

Issued XXXXXX XX, 2024 by
Garrick J. Rochow,
President and Chief Executive Officer,
Jackson, Michigan

Effective for service rendered on
and after October 1, 2024

Issued under authority of the
Michigan Public Service Commission
dated XXXXXX XX, 2024
in Case No. U-21490

TRANSMISSION ONLY TRANSPORTATION SERVICE RATE TOT

Availability

Subject to any restrictions, service under this Rate Schedule is available to customers desiring to move gas through the Company's transmission system to a point of delivery off the Company's distribution system.

Under this rate schedule, the Company will transport natural gas volumes for a customer on the Company's gas transmission system only. The Company, in its sole judgement, shall have the right to determine if capacity is available for transportation under this Rate Schedule.

All customers requesting transmission service under this Rate Schedule shall make written application for such service on a form provided by the Company. The point(s) of receipt and point(s) of delivery shall be mutually agreed upon by Company and Customer and set forth in the contract. Any rates, terms and conditions not covered by Tariff shall be as contained in Company's standard Contract for Transmission Only Transportation Service.

Monthly Rate

Transmission Only Charge

\$0.4533 per Mcf

Operational Balance Agreement (OBA)

The aggregate quantity of gas delivered by the Company to the customer's delivery point(s), may be inadvertently greater or less than the aggregate quantity of gas nominated for delivery by the customer. This inadvertent over-delivery or under-delivery of gas by the Company to the customer relative to the nominated quantities shall be governed by a separate OBA with a delivery point operator.

The Company reserves the right to require the customer to balance nominations with physical deliveries on a daily basis, and to reduce the Operational Imbalance to the maximum thresholds identified in the OBA or to a level determined by the Company if no OBA is applicable upon notification, by the Company that such an action is required, and the customer agrees to take the action(s) necessary to reduce the imbalance. If the customer does not make a nomination to reduce the imbalance within 24 hours of such notification by the Company, the customer will pay a penalty of \$10/MMBtu per day for each MMBtu of the daily Operation Imbalance.

(Continued on Sheet No. E-14.00)

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TRANSMISSION ONLY TRANSPORTATION SERVICE RATE TOT
(Continued From Sheet No. E-13.00)

Monthly Rate (Cotd)

Gas-in-Kind

Company shall retain 2.45% of all gas received at the Receipt Point(s) to compensate it for the allowance for company-use and lost-and-unaccounted-for gas on Company's system. This volume shall not be included in the quantity available for delivery to Customer. In no event will Customer pay Gas-in-Kind more than once on the same volumes.

Due Date and Late Payment Charge

The due date of the customer's bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance outstanding, net of taxes, shall be assessed to any bill which is not paid in full on or before the due date shown thereon.

Metering Requirements

All eligible Customers metering requirements shall be in alignment with their delivery point operator according to their Interconnect Agreement.

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. D-1.00 and surcharges shown on Sheet Nos. D-2.00 through D-4.00.

Term and Form of Contract

All service under this rate shall require a written contract with a minimum term of one year and month-to-month thereafter which must be approved by an authorized agent before it shall be binding upon the Company. Customers who choose to terminate their contract shall be required to give the Company a ninety (90) day written notice.

(Continued From Sheet No. G-4.00)

G4. SERVICE REQUIREMENTS

G4.1 Quantities.

- A. The Group Administrator may deliver, or cause to be delivered, and the Company shall, subject to other provisions in the Company's Gas Rate Book, accept quantities of gas up to the GMDQ specified in the Group transportation service contract.
- B. Deliveries to the Company may be made by or on behalf of the Group Administrator at existing interconnections between the gas transmission facilities of the Company and other pipeline systems. These points of receipt shall be those that are agreed to from time to time by the Group Administrator and the Company.
- C. The Company shall retain ~~2.33~~ 2.45 percent of all gas received for transportation customers in the Group to compensate it for the Company's use and lost and unaccounted for on the Company's system ("Allowance for Use and Loss"). This volume shall not be included in the quantity available for delivery to transportation customers in the Group.
- D. The amount of gas available for use by the Group will be calculated as the amount of gas received by the Company less the allowance for gas-in-kind, plus the net effect of any balance transfers, plus any withdrawals from the Group's storage balance. For purposes of this calculation, gas transferred to or from another Group or transportation customer during the billing month shall not be considered.

If, in any month, the amount of gas available for use by the Group is more than the quantity of gas taken by the transportation customers enrolled in the Group at their points of delivery, then the difference shall be retained by the Company and delivered to the Group in those succeeding months when the amount of gas available for use by the Group is less than the requirements of those transportation customers enrolled in the Group. Such subsequent deliveries to the Group shall be subject to the withdrawal limitations identified under the Monthly Fees Applicable to the Group Administrator section of the Group Transportation Service Pilot Program. Should the amount of gas available for use by the Group at any month-end exceed the GATL, then the Company shall assess the Group Administrator a Load Balancing Charge for any month-end balance that exceeds the GATL.

- E. In the event of the termination of a Group Administrator's contract, the Group Administrator must transfer any gas retained by the Company to another Group or to a transportation customer taking service under a Transportation Service Rate Schedule within 60 days. If the Group Administrator has not withdrawn or transferred all of the gas retained by the Company within 60 days, the Company will cash out the remaining balance at a rate of \$1.00 per Mcf.
- F. Upon joining a Group, any volumes in the transportation customer's Authorized Tolerance Level balance will transfer into the Group Administrator's Group Authorized Tolerance Level balance. Upon leaving a Group, the transportation customer's Authorized Tolerance Level will follow the transportation customer and the Group Administrator's Group Authorized Tolerance Level will be reduced by the transportation customer's Authorized Tolerance Level.

(Continued on Sheet No. G-6.00)

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Michigan Public Service Commission
dated XXXXXX XX, 2024
in Case No. U-21490

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief.)
_____)

Case No. U-21490

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Crystal L. Chacon, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on July 12, 2024 she served an electronic copy of the **Settlement Agreement** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Crystal L. Chacon

Subscribed and sworn to before me this 12th day of July, 2024.

Jennifer Joy Yocum, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 12/17/24
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21490

| Party | Mailing Address | Email Address |
|--|--|--|
| Administrative Law Judge | | |
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| Counsel for Consumers Energy Company | | |
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| Counsel for the Association of Businesses Advocating Tariff Equity (“ABATE”) | | |
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* Receives Confidential Materials

ATTACHMENT 1 TO CASE NO. U-21490

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|--|---|---|
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* Receives Confidential Materials