

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Paul Michael Collins
TEL +1.517.483.4908
FAX +1.517.374.6304
E-MAIL Collinsp@MillerCanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
123 W. Allegan, Suite 200
Lansing, Michigan 48933
TEL (517) 487-2070
FAX (517) 374-6304
millercanfield.com

MICHIGAN
ILLINOIS
NEW YORK
OHIO
WASHINGTON, D.C.
CALIFORNIA
CANADA
CHINA
MEXICO
POLAND
UKRAINE
QATAR

April 15, 2025

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

Re: Michigan Gas Utilities Corporation
2023-2024 GCR Reconciliation
Case No. U-21274

Dear Ms. Felice:

Enclosed for electronic filing is a fully executed Settlement Agreement and a Proof of Service relative to the above-referenced matter.

Should you have any questions, please contact me.

Sincerely,

Miller, Canfield, Paddock and Stone, P.L.C.

By: _____
Paul Michael Collins

PMC/vs
Enclosure
cc w/ enc: Hon. Jonathan F. Thoits
Amit T. Singh
Micheal E. Moody
Shannon Burzycki
Sarah Mead
Richard Stasik
Koby Bailey

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
MICHIGAN GAS UTILITIES CORPORATION)	Case No. U-21274
for reconciliation of its gas cost recovery plan)	
(Case No. U-21273) for the 12-month period)	
ending March 31, 2024)	
_____)	

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969 as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing Rules (R 792.10431), Michigan Gas Utilities Corporation (“MGUC” or the “Company”), Attorney General Dana Nessel (“Attorney General”), and the Michigan Public Service Commission Staff (“Staff”) agree as follows:

1. On June 28, 2024, MGUC filed its Application along with supporting testimony and exhibits with the Michigan Public Service Commission (“MPSC” or the “Commission”) requesting approval of the reconciliation of its revenues with amounts expensed and included in the cost of gas sold by the Company during the 12-month Gas Cost Recovery (“GCR”) plan year ending March 31, 2024, resulting in a total cumulative under-recovery of (\$4,959,344), inclusive of interest. The Application and supporting testimony and exhibits also reconciled the costs and revenues associated with implementing the Reservation Charge to GCR and Gas Customer Choice (“GCC”) customers, which implementation was authorized by the Commission’s January 26, 2012 Order in Case Nos. U-16481 and U-16513, resulting in an over-recovery relative to it Reservation Charge costs of \$349,314 as of March 31, 2024, inclusive of interest.

2. On July 12, 2024, the Commission issued its Notice of Hearing scheduling a prehearing conference for August 20, 2024.

3. In accordance with the Commission's Notice of Hearing, MGUC provided notice throughout its service territory. MGUC's proof of mailing and affidavits of publication were electronically filed with the Commission on August 13, 2024.

4. On August 20, 2024, Administrative Law Judge ("ALJ") Jonathan F. Thoits presided over a prehearing conference in this matter. The Company and Staff participated, and the Attorney General intervened.

5. Following the prehearing conference, the parties engaged in discovery.

6. On February 19, 2025, Staff filed the testimony and exhibits of Laura Maio and Dolores Midkiff-Powell, and the Attorney General filed the testimony and exhibits of Sebastian Coppola.

7. On March 21, 2025, the Company filed the rebuttal testimony and exhibits of Shannon Burzycki and Sarah R. Mead.

8. The parties thereafter engaged in settlement discussions resolving all contested issues in this case.

9. By this Settlement Agreement MGUC, Staff, and the Attorney General agree that:

a. Proceedings in this GCR reconciliation were conducted in accordance with Act 304.

b. The expenditures made by MGUC for the cost of gas supply during the 12-month period ending March 31, 2024, were reasonable and prudent and in compliance with Act 304 and should be approved by the Commission.

c. Pursuant to MGUC's Commission-approved standard refund procedures, a net total under-recovery of (\$4,745,505), inclusive of interest, should be reflected as the beginning balance for MGUC's 2024-2025 GCR Gas Commodity Charge reconciliation.

d. Pursuant to MGUC's Commission-approved standard refund procedures, a net total over-recovery of \$708,787, inclusive of interest, should be reflected as the beginning balance for MGUC's Reservation Charge reconciliation in the 2024-2025 GCR reconciliation proceeding.

e. The Company will include an analysis in its next GCR plan case to evaluate whether off-system gas sales can be reduced. The analysis will include the cost of off-system sales made in the two-most recent fully completed GCR periods, identify the strategies and resources that would have been necessary to eliminate or minimize those off-system sales, determine if the resources are already available, estimate the cost of any new resources, and evaluate whether the booked cost of gas could reasonably be reduced by improving gas supply strategies of existing resources or investing in new resources for inclusion in the GCR plan.

f. For the purpose of analyzing whether Term Baseload gas purchases can be replaced with First of Month ("FOM") Baseload purchases during the GCR year, the Company agrees to obtain gas supply bids that include FOM Baseload purchases that could replace three similar Term Baseload purchases in its upcoming request for proposals ("RFP") for winter supply, which will also include the Term Purchases traditionally used by the Company for ensuring reliable gas supply during winter months. The Company will compare the bids received for the FOM Baseload Purchases to the Equivalent Bids received for Term Baseload Purchases in the reconciliation case for the next GCR period. For the purpose of this Agreement: "FOM Baseload Purchase" is defined as a purchase for a single month based on the first-of-month index price; "Term Baseload Purchase" is defined as a purchase for a series of months based on the first-of-month index price for each month included in the series; and "Equivalent Bids" means

bids made pursuant to the same RFP at the same volumes, parameters, and under the same market conditions.

g. For pipeline capacity not released under an AMA, the Company will evaluate what other revenue opportunities can be generated by entering into other gas supply and pipeline capacity optimization strategies and report its findings in the 2024-2025 GCR reconciliation case.

h. Before filing any future *ex parte* applications related to gas cost refunds received by the Company, the Company will confer with both Staff and the Attorney General before seeking a future waiver to expedite the return of the refund to customers.

i. MGUC will evaluate the potential costs and benefits associated with releasing Idled Pipeline Capacity subject to recall and present the results of this evaluation in MGUC's next GCR reconciliation case. For clarity for the purpose of this Agreement, "Idled Pipeline Capacity" is defined as pipeline capacity that is not encumbered by an Asset Management Agreement, is not tied to a gas supply purchase agreement, and is not needed for system balancing.

10. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and prudent, in the public interest, and will aid in the expeditious conclusion of this case.

11. This Settlement Agreement has been made for the sole express purpose of reaching compromise among the positions of the parties. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval.

12. All offers of settlement and discussions relating to this Settlement Agreement are, and shall be considered, privileged under MRE 408 and shall not be used in any manner, or be

admissible for any other purpose in connection with this proceeding or any other proceeding or matter. This Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

13. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281, as it applies to this proceeding, if the Commission approves this Settlement Agreement without modification.

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

Respectfully submitted,

MICHIGAN GAS UTILITIES CORPORATION

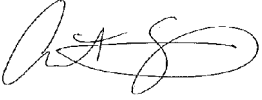
Dated: April 15, 2025

By: **Paul M. Collins**
Digitally signed by: Paul M. Collins
DN: CN = Paul M. Collins email =
Collinsp@MillerCanfield.com C = US
O = Miller, Canfield, Paddock and
Stone, P.L.C. OU = Attorney at Law
Date: 2025.04.15 09:37:21 -04'00'

One of Its Attorneys
Paul M. Collins (P69719)
MILLER, CANFIELD, PADDOCK
AND STONE, P.L.C.
123 W Allegan St, Suite 2000
Lansing, MI 48933

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: April 15, 2025

By:  **Amit T. Singh**
2025.04.15 13:45:27
-04'00'

Amit T. Singh (P75492)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917

ATTORNEY GENERAL DANA NESSEL

Dated: April 15, 2025

By: **Michael E. Moody**
Digitally signed by Michael E. Moody
Date: 2025.04.15 13:33:13 -04'00'

Michael E. Moody (P51985)
Assistant Attorney General
Special Litigation Division
525 W. Ottawa Street, Fl. 6
P.O. Box 30755
Lansing, MI 48909

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
MICHIGAN GAS UTILITIES)
CORPORATION for a gas cost recovery)
reconciliation proceeding for the 12-month period)
ending March 31, 2024.)

Case No. U-21274

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Victoria J. Seyfried, being first duly sworn, deposes and states that on April 15, 2025, she served the Settlement Agreement and this Proof of Service upon those listed below via electronic mail.

Hon. Johnathan F. Thoits thoitsj@michigan.gov
Michael E. Moody moodym2@michigan.gov
ag-enra-spec-lit@michigan.gov

Amit T. Singh singha9@michigan.gov

Victoria J. Seyfried

Subscribed and sworn before me
on this 15th day of April, 2025.

Kacey O’Neill, Notary Public
State of Michigan, County of Livingston
My Commission Expires: 12/26/2026
Acting in the County of Ingham